

City of Newton

**Citizen Advisory
Group**

Defining Choices about Municipal and Educational Service Levels &
Improving the City's Operational Efficiency and Effectiveness &
Developing New or Enhanced Sources of Funding

School Cost Structure

January 20, 2009

Draft

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I. Executive Summary

Mayor David Cohen, Board of Aldermen President Lisle Baker, and School Committee Chair Dori Zaleznik appointed the Citizen Advisory Group in May 2008. They asked the committee to help (1) define the choices facing Newton with respect to municipal and educational service levels and their long-term funding requirements and identify, within this context, (2) innovative ways of increasing short- and long-term operational efficiency and effectiveness, and (3) identify new or enhanced sources of funding for City services.

The School Cost Structure Committee of the Citizen Advisory Group was pleased to find the School Committee and the Newton Public Schools' administrators working proactively in developing a long-term strategic plan and re-thinking Newton's educational model, while showing a deep interest in technology and online learning as possible vehicles to improve the educational model.

However, in the course of our work, we became deeply concerned that, in the absence of new revenues, the Newton Public Schools would be unable to maintain its current level of services and programs or to continuously improve, one of the essential elements of excellence in the field of education.

Related to this major concern, we found:

- Evidence of a long-standing gap between the funding of the Newton Public Schools and what it costs to run the system under the current educational model. In other words, we found an educational model (including programs, services, compensation, utilities, etc.) that requires a 5.9% increase annually in the budget to sustain itself; ergo, the necessity to make cuts whenever the school budget increases less than 5.9%. Since 2003 (shortly after an override vote), the Newton Public Schools budget has grown at a compound annual rate of 4.3% per year (FY03 – FY09). If the Newton Public Schools continues to receive budget increases of 4.3%, this creates a funding gap of \$2.5 million next year, growing to almost \$20 million by FY15, with a cumulative deficit in the next six years of more than \$60 million.
- Key costs increasing at a faster rate than the overall budget:
 - Benefits
 - Special Education
 - Utilities

A number of factors that are contributing to the erosion in quality as financial resources have become more constrained:

- Diminished administrative and leadership support
- Reduced capacity to supervise of teachers
- Shrinking professional development opportunities
- Insufficient technology
- Inadequate building maintenance

- Increases in class size
- Near-term opportunities to save money, perhaps as much as \$1 to \$2 million, in two areas:
 - Transportation — by increasing user fees and reducing service
 - Food Services — through outsourcing both management and labor
- A need to examine more rigorously and regularly educational areas, programs and approaches for both educational effectiveness and financial sustainability. In particular,
 - For Special Education, we see the need for developing internal standards and for the use of outside consultants to do this examination comprehensively and effectively.
 - For METCO, we see the need to periodically assess and communicate how this program supports our core values and how effectively it is achieving our educational goals.
- The need to bolster long-term planning, budgeting, and scenario planning under the direction of a Chief Financial Officer.
- The urgent need to increase the quality of and to consider new vehicles for communication about the financial condition of the Newton Public Schools and the programmatic choices it faces, as a means of regaining trust and fostering the necessary dialogue about the future of the school system.
- As part of the above and in response to the difficult economic circumstances of the City of Newton and the nation, it is necessary for the Newton Public Schools to distinguish between the *essential* and the *desirable* qualities of an excellent school system. In particular, in the absence of new revenues, Newton Public Schools will very likely need to reevaluate some of its past practices and choices that significantly affect the economics and performance of the school system, including:
 - Class size
 - Teaching loads
 - Compensation
 - Teacher development

We recognize that there would be fewer difficult choices if revenues allowed the Newton Public Schools' budget to increase annually by 5.9%. In a Citizen Advisory Group report on Revenues, we make a recommendation to increase donations to the Newton Public Schools through grants, individual giving and foundations. While helpful, these increased revenues are likely to be modest and may take a few years to be realized. More broadly, the Revenues analysis found that Proposition 2 ½ puts a ceiling on automatic increases in revenues and there are only limited other opportunities to increase the City's overall revenues from its recent levels of 3.5% to 4.0%. In fact, given the Commonwealth's

financial crisis, Governor Patrick has indicated that local aid (approximately 7% of Newton's budget) will decrease.

In addition to sustaining excellence in education, Newton faces many challenges. A forthcoming Citizen Advisory Group report on Newton's Capital Resources will highlight the substantial underfunding of capital assets and call for significant increased investments in this area. In addition, the recently released report on the Municipal Cost Structure pointed out that post-retirement health care obligations, underfunded by as much as \$22 million annually, will put pressure on the City budget. In light of these factors, the Newton Public Schools may not receive in the future the percent increases in its budget that it has received in the past unless (or, possibly, even if) voters approve an increase in taxes through overrides. Thus, it is critical for both the City and the Newton Public Schools to lay out our priorities and expenditures through a process that enables the community to make choices, both short-term and long-term, in a thoughtful, deliberative way.

The Citizen Advisory Group is very aware that these will be difficult choices for the School Committee and the administration of the Newton Public Schools. The choices are limited, in part, because there are only a few parts of the budget where changes make a material difference. Furthermore, many line items can only be partially controlled by the Newton Public Schools. Of those that can be affected, essentially none of the choices are appealing because of their immediate impact on the quality of education. We also note that the School Committee has an almost infinite variety of ways to control costs. Any of the line items that we discuss below could be included and each to a greater or lesser degree. As a result, the School Committee will need a comprehensive, long-term vision for the Newton Public Schools and clarity about what it considers *essential* versus *desirable* as it makes its choices.

We gave considerable thought to the characteristics of the different line items that the Newton Public Schools are likely to consider during a period of fiscal constraint. To begin, one set of choices involves teacher and staff compensation, the largest component of the budget. There are two ways to moderate the growth in compensation: employ fewer people or have lower rates of growth in salaries and/or benefits. Neither route is attractive but nonetheless, in the short-term, both must be considered.

People are the lifeblood of a school system. Teachers provide students the attention and guidance they need to develop into "lifelong learners, thinkers and productive contributors to our global society."¹ Similarly, supervisors, principals, assistant principals, housemasters, department heads, and coordinators, provide teachers with attention and guidance to help them develop into great teachers. Employing fewer teachers inevitably leads to the issue of class size and teacher load. Of course, smaller class sizes are better than larger ones. Nonetheless, we recognize the tradeoffs that the School Committee and the administration must consider in balancing class size with other

¹ The Mission of the Newton Public Schools.

critical elements of providing excellence in education.² Similarly, smaller teacher loads are better than bigger ones. Nonetheless, many excellent school systems have their high school teachers teach more sections than those in Newton. Reducing the number of supervisors is particularly unappealing but an option nonetheless. Teacher development is critical and we found a lot of evidence that erosion to supervision and professional development has already occurred. Moreover, if class sizes and teacher loads increase (and the rate of growth in salaries and benefits moderate), it becomes even more critical to invest in supervision and development. (In fact, we recommend later in this report that Newton Public Schools increase the budgets for professional development (and also technology), making cuts in other areas potentially even deeper.)

Growth in compensation, which includes both salaries and benefits, will be another set of options to consider. Of course, paying higher salaries would be better than lower ones. We hire in a competitive marketplace and we want to attract and retain the best teachers and staff. If anything, teachers are underpaid relative to other professions. Nonetheless, if salaries grow faster than the City's revenues or as rising costs sometimes cannot be sufficiently controlled in other areas to bring them in line, then, limiting salary increases might be a necessity.

Providing benefits is absolutely necessary to attract and retain people. But, health costs have been rising faster than the City's revenues. Inarguably, we need to control the rate of increases in benefit costs. There are a number of ways to do this. What appears to be an "easy" way is by changing health insurance plans (i.e., joining the Commonwealth's Group Insurance Commission) but even that is fraught with uncertainty. Other ways are less appealing but may need to be considered. Newton might need to change both the proportion of contributions made by the City versus the employee and the level of benefits for future employees. Newton simply may not be able to bear the same level of benefits in the future that it has committed to in the past. Nonetheless, we recognize that health care costs are difficult to control and their rates of growth are likely to increase at a faster rate than the City's revenues, thereby putting pressure to decrease costs in other parts of the School's budget.

We also recommend considering ways to control the rates of increase in the costs of special education but acknowledge the challenges inherent in doing this, particularly in the near-term. While mandated, Newton Public Schools still has choices around how to provide its special education services. But, the number of special education students is rising nationally and the severity of their diagnoses is increasing as well. Moreover, as class sizes increase, the ability of teachers to make individual accommodations can become more restricted.

² We note that the Budget Guidelines issued by the School Committee in November 2008 mentioned this possibility. It said, "... we clearly affirm that efforts to hold harmless or modestly increase teacher support and technology and to allow some movement forward on strategic planning initiatives might require cuts in other areas. We recognize that these priorities might result in some increases in class sizes and decreases in breadth of program."

Similarly, energy conservation and efficiency measures should be implemented aggressively to moderate the increases in utility expenses. The City and the School Department have already taken some actions. (We note, for example, that ten school buildings have been switched from oil to gas to save energy.) Nonetheless, we recognize that even as we improve energy efficiency, utility costs are likely to increase at a faster rate than the City's revenues and the overall Newton Public Schools' budget, thereby requiring decreases in funding in other critical parts of the budget.

We would also add that the current budget and decision making processes do not lend themselves necessarily to tackling cost reduction issues comprehensively. The individual elements each need to be considered one by one, but, more importantly, they must be considered as a group. There are important relationships between individual cost items. More importantly, the individual items – number of employees, teacher compensation, class size, teacher load, teacher development, investments in technology, etc. – need to be linked to a comprehensive, strategic, and long-term plan for the Newton Public Schools. As we recommend in this report, scenario planning is one powerful tool for doing this.

The Citizen Advisory Group built one scenario as a model. It serves partially as a way to understand the challenges the Newton Public Schools face and the effects of various choices. More importantly, the model shows the power and usefulness of scenario planning. In this example, if the Newton Public Schools continued using its current educational model, which requires budget increases of 5.9% annually, but only received increases of 4.3%, the cumulative deficit in the next six years would be over \$60 million. To address this, we decreased the rate of growth in salaries (admittedly, not a very appealing option), reduced the growth in benefits, joined the GIC, and implemented cost efficiencies in food services and transportation. In addition, we invested \$1 million in the Schools' technology plan. Under this scenario, the Schools' budget is positive or breakeven until FY13, at which point the budget generates a cumulative deficit of \$10 million through FY15. We plugged this with a \$3.4 million override (approximately \$114 per household) in FY13. This model is not an endorsement of these particular choices but rather shows the power of long-term planning. (Scenario planning is explored in more depth in the Long-Term Planning and Budgeting Framework section of this report.) We recommend that the School Committee and the administration model the financial implications of different sets of choices that reflect what they view as essential to the quality of education in Newton.

The bottom line is that the Newton Public Schools face difficult choices right now. Almost every choice will be painful because so many of the potential levers affect the quality of education. Making these choices will put a premium on the leadership and vision of the School Committee and Newton Public School administrators. The Citizen Advisory Group sees the absolute need for these leaders to re-engage in a discussion about the future of the Newton Public Schools and discuss the following questions:

- What are the choices we need to make?
- How can we most effectively and efficiently meet the needs of all our students, including those students requiring special education?
- How do we maintain the high quality of our teachers?
- How can we control expenses, including benefits and utilities?
- Most importantly, what are our priorities? What as a community are we willing to pay for? What are we willing to sacrifice?
- What is *essential*? What is *desirable*?

The Citizen Advisory Group calls upon the Newton Public Schools administration and the School Committee to lead the community in this discussion. We look to their experience and expertise to help frame our long-term choices and priorities, present an overarching vision, and clarify our values.

II. Objectives and Methodology of the Citizen Advisory Group

Mayor David Cohen, Board of Aldermen President Lisle Baker, and School Committee Chair Dori Zaleznik appointed the Citizen Advisory Group in May 2008. They asked the committee to help (1) define the choices facing Newton with respect to municipal and educational service levels and their long-term funding requirements and identify, within this context, (2) innovative ways of increasing short- and long-term operational efficiency and effectiveness, and (3) identify new or enhanced sources of funding for City services.

The following report is in response to these charges and was crafted from six months of interviews with school administrators, School Committee members, parents, citizens, and input from several open forums. The Citizen Advisory Group also analyzed reports by the Newton Public Schools and other sources of data, including information from a Citizen Advisory Group benchmarking report.

Given our limited resources and time period, the Citizen Advisory Group had to select a few, critical areas of the Newton Public Schools to study in depth. The choices could have included high school athletics, the arts, the choice of student-centered middle schools versus subject-centered Junior Highs, or Career and Technical Education. We ultimately chose:

- Administrative Practices
- Budgeting and Compensation
- Special Education
- METCO (Metropolitan Council for Educational Opportunity)
- Transportation
- Food Services

We chose these areas for a number of reasons. They sometimes represented key cost drivers (compensation and Special Education). Others involved areas that often had been cited as areas of concern related to costs (transportation and food services). Finally, METCO was chosen as an area many people wanted to understand better, with particular questions about how it is financed.

III. Snapshot of the Newton Public Schools

In 2007 - 2008, the Newton Public Schools served 11,556 students in twenty-one schools, including fifteen elementary schools (grades K-5), four middle schools (grades 6-8), and two high schools (grades 9-12). According to the Massachusetts Department of Elementary and Secondary Education:

- 14.1% of Newton’s total population are school age.
- 18.7% of the students in Newton have a first language that is not English.
- 6.9% of pupils in Newton come from low-income families.
- 18.8% of Newton’s pupils are enrolled in special education.
- 70.7% of the students are White, 13.6% are Asian, 6.5% are Hispanic/Latino, 4.8% are African American, and 4.4% are other

In the late 1960s, Newton had over 18,000 students in the public school system. Enrollment declined dramatically until the late 1980s and has been relatively flat for the last ten years. Recently, the Newton Public Schools have begun to experience an increase in elementary school students but these increases are not expected to continue. Projections show growth in the middle schools, declines in the elementary schools, and increases in the high schools beginning in 2012-13. Overall, enrollment will have increased in FY06 through FY08, be essentially flat in FY09 through FY11, and then increase again by 60 to 90 students in each of the fiscal years 2012 – 2014.

Table 1: Newton Public Schools Enrollment

	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual
Elementary	5,293	5,212	5,097	5,002	4,970	4,938	4,975	5,133	5,318	5,408	5,498
Middle School	2,614	2,640	2,672	2,688	2,688	2,673	2,620	2,534	2,474	2,453	2,480
High School	3,259	3,396	3,477	3,560	3,618	3,656	3,673	3,748	3,709	3,695	3,592
Total Enrollment	11,166	11,248	11,246	11,250	11,276	11,267	11,268	11,415	11,501	11,556	11,570
Change from Previous Year		82	-2	4	26	-9	1	147	86	55	14

Source: Newton Public Schools

Table 2: Enrollment Projections for the Newton Public Schools

Level	Actual 2008-09	Projections*				
		2009-10	2010-11	2011-12	2012-13	2013-14
Elementary	5,498	5,488	5,470	5,405	5,309	5,215
Middle	2,480	2,568	2,640	2,778	2,830	2,916
High	3,592	3,507	3,470	3,460	3,562	3,660
Total	11,570	11,563	11,580	11,643	11,701	11,791
Change from Previous Year	14	-7	17	63	58	90
% Change from Previous Year			0.1%	0.5%	0.5%	0.8%

* Projections using 5 Year Ratios; Includes a separate forecast for kindergarten based on three years' trends

Source: Newton Public Schools (as of November 2008)

The School Committee and the administration at the Newton Public Schools give a lot of thought to class sizes. They have explicit guidelines and make purposeful choices.

From 2000-01 to 2007-2008, elementary classes ranged from a high average of 21.1 students in 2006-07 to a low average of 19.8 students in 2003-04. As a result of the Newton Public Schools reductions in instructional staff for the current fiscal year (2008-09), the current elementary school class sizes average 21.9 students, which is 1.8 more than last year and the highest average class size in the last nine years.

Average middle school class sizes have ranged from a low of 20.0 students in 2000-01 to a high of 21.8 students in 2006-07. In the middle school, it currently stands at 21.2, an increase of 0.5 from last year. The high schools' lowest class size average was 19.6 students in 2000-01 as compared to 21.4 students currently and a high of 21.8 in 2005-06.

Table 3: Average Class Sizes for Elementary Classes (K-5) and Secondary School Classes in English, World Language, Science, History and Social Sciences and Math 2000-01 through 2008-09

Grade Level	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Elementary	20.3	20.3	20.1	19.8	20.3	20.6	21.1	20.1	21.9
Middle	20.0	22.1	21.0	21.4	21.5	21.1	21.8	20.7	21.2
High	19.6	21.1	20.4	21.3	21.7	21.8	21.2	21.2	21.4

Source: Newton Public Schools

In addition to average class size, the percent of classes that are small (i.e., fewer than 20 students) and large (i.e., 25 or more students) is also useful for assessing the status of the Newton Public Schools.

The data from 2000-01 to 2008-09 for percentage of classes that are small shows a major change at the elementary school level this year. The best year at the elementary school level was in 2003-04 when 43.8% of the classes had fewer than 20 students. Last year, it was at 42.4%. But, in the current academic year, the percentage fell to 16.0%. At the middle school level, the best year was in 2000-01 when 35.8% of the classes had fewer than 20 students. The worst year was in 2001-02 with 18.7% and this year it stands at 25.2%. At the high school level, the best year for small class sizes was also in 2000-01 when 45.4% had fewer than 20 students. The worst year was in 2005-6 with 26.7% and it now stands at 29.5%.

The data from 2000-01 to 2008-09 for the percent of classes that are large (with 25 or more students) shows a large increase at the elementary, middle and high school levels this year. At the elementary level, the best year was in 2002-03 when only 1.6% of the classes had more than 25 students. Last year, only 5.5% of the elementary classes were large. But, in the current academic year, it increased to 18.8%, the highest level in the last nine years. At the middle school level, prior to this year, classes with 25 or more students fluctuated quite a bit from a high of 23.0% in 2001-02 to a low of 7.5% last year. This year it stands at 14.1%. At the high school level, the best year was in 2000-01 with 13.1% of the classes having more than 25 students. The worst year was in 2004-05 with 29.7% being large. Classes with more than 25 students increased from 21.0% to 27.9% from 2007-08 to 2008-09.

From the Citizen Advisory Group vantage point, the elementary school data on class size is the most troubling. The School Committee in Newton has a target goal for Kindergarten and Grade 1 of 20 students or below; the goal for Grades 2-5 is fewer than 25 students. The target goal is 90 students per middle school team and no more than 15% of high school classes having more than 25 students.³ In the eyes of many educators, it is most critical to keep Kindergarten and grade 1 (and arguably grade 2) below 20 students given the needs of students that age and the importance of learning to read and developing a sense of numeracy in those years. The Distribution of Elementary Class Sizes data for Newton that is available at the Newton Public Schools website currently shows that nearly 80% of the Kindergarten and Grade 1 classes have more than 20 students in 2008-09, a statistic that is worrisome. Last year, only 45% of these classes had more than 20 students. To repeat, this doubling in class size at the young ages is raises concerns.

³ Newton Public Schools Fiscal 2009, Superintendent's Proposed Budget. January 14, 2008.

**Table 4: Percent of Classes with Fewer than 20 Students and
with 25 or More Students
(2000-01 to 2008-09)**

	Fewer than 20 Students								
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Elementary	38.4%	36.6%	42.7%	43.8%	36.5%	38.3%	23.5%	42.4%	16.0%
Middle	35.8%	18.7%	25.7%	21.6%	20.7%	24.9%	19.1%	29.2%	25.2%
High	45.4%	34.2%	39.4%	29.3%	29.2%	26.7%	31.3%	29.4%	29.5%
	25 Students or More								
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Elementary	3.6%	2.0%	1.6%	4.4%	3.7%	9.6%	8.0%	5.5%	18.8%
Middle	10.3%	23.0%	14.8%	14.0%	15.4%	10.1%	17.5%	7.5%	14.1%
High	13.1%	19.6%	13.9%	19.8%	29.7%	29.0%	22.9%	21.0%	27.9%

Note: For 2000-01 and 2001-02, the data is for percent of classes with 24 or more students rather than 25 or more students

Source: Newton Public Schools

The Mayor of Newton, with some input from the Board of Aldermen and the School Committee, decides what portion and dollar amount of the total City of Newton budget will be allocated to the schools. Currently, the Newton Public Schools receive a little more than half (55.9%) of Newton's total budget. This is higher than the average of 51.1% for demographically similar communities but essentially the same as communities with a similar commitment to education (55.5%). (See the Citizen Advisory Group Benchmarking Report for more details.)

Table 5: City of Newton General Fund Budget (FY09)

	<u>Expenditures</u>	<u>% of Total</u>
Newton Public Schools	\$158,484,693	55.4%
Municipal Departments	\$84,440,253	29.5%
Retirement Pensions and Benefits	\$20,961,920	7.3%
Debt and Interest	\$10,011,346	3.5%
State Assessments	\$5,603,855	2.0%
All Other	<u>\$6,498,791</u>	<u>2.3%</u>
TOTAL	\$286,000,858	100.0%

Source: City of Newton Comptrollers Office, January 2009.

The budget for the Newton Public Schools can also be viewed in light of the rate of growth for both the total revenues of the City of Newton and for individual departments

and expense categories. Table 6 shows a fifteen year trend analysis of revenues and expenditures for the City of Newton. Expenditures by the Newton Public Schools have grown at a consistently higher rate than both Newton's revenues and expenditures by municipal departments (e.g., public safety and public works). In other words, Newton has been allocating increasing amounts of funding to the schools. We would note that school costs in almost every city and town in Massachusetts are exceeding the rate of growth in both revenues and the rate of growth on the municipal side, often due to increases in special education, benefits, and utilities. While municipal departments face the same issue with benefits and utilities, they do not have the costs associated with special education.

**Table 6: 15 Year Trend Analysis
Compound Annual Growth Rate in Revenues and Expenditures of the City of Newton**

	Fiscal Year 2008 Actual	Compound Annual Growth Rates		
		5 years 2003-2008	10 years 1998-2008	15 years 1993-2008
REVENUES:				
Property Taxes	\$215,239,592	3.7%	4.6%	4.3%
Intergovernmental Revenue	\$29,633,992	6.6%	8.0%	9.5%
Other (1)	\$27,306,861	3.3%	2.4%	4.3%
Total Revenue	\$272,180,445	3.9%	4.6%	4.7%
EXPENDITURES:				
Public Education	\$152,728,991	4.7%	6.5%	5.9%
General Government	\$12,869,213	2.7%	3.7%	4.0%
Public Safety	\$31,150,150	1.3%	3.1%	3.2%
Public Works	\$19,871,674	1.8%	2.4%	1.9%
Health & Human Services	\$3,486,798	4.4%	5.8%	6.0%
Culture & Recreation	\$10,430,886	3.5%	4.5%	4.1%
Total Municipal Departments	\$77,808,721	2.1%	3.3%	3.2%
Debt & Interest	\$7,426,543	2.5%	3.0%	4.9%
Pensions & Retiree Benefits	\$19,666,614	6.9%	7.9%	4.2%
Other (2)	\$7,299,588	-0.1%	-2.1%	0.8%
Total Expenditures	\$264,930,457	3.8%	5.1%	4.7%

Source: Data from City of Newton Comptroller's Office. Analysis by Citizen Advisory Group.

The overall financial picture of the City is sobering. The Citizen Advisory Group report on Municipal Revenue concluded that Newton’s opportunities to increase revenues are modest. In fact, Newton can expect cuts in local aid from the Commonwealth. The Citizen Advisory Group on Municipal Cost Structure did not discover any elixirs that will immediately and significantly reduce the cost of Newton’s municipal services and even calls for funding of new initiatives like retiree health care. A forthcoming Citizen Advisory Group report on Newton’s Capital Resources will highlight the substantial underfunding of capital assets and call for significant increased investments in this area. In light of these factors, the Citizen Advisory Group thinks the Newton Public Schools may not receive in the future the percent increases in its budget that it has had in the past unless voters approve overrides.

The Newton Public Schools’ budget has increased every year since FY82. The school system received particularly large increases of 10.2% in FY03 (after an override vote) and of 7.7% in FY08. (It is worth noting that these are nominal budget increases and have not been adjusted for inflation.)

Table 7: Newton Public Schools Budget (FY1990 – FY2009)

Fiscal Year	Total Budget	% Increase
FY90	\$56,590,590	7.4%
FY91	\$60,600,642	7.1%
FY92	\$62,100,590	2.5%
FY93	\$62,900,590	1.3%
FY94	\$66,958,019	6.5%
FY95	\$69,938,590	4.5%
FY96	\$74,668,690	6.8%
FY97	\$80,894,411	8.3%
FY98	\$88,567,403	9.5%
FY99	\$95,500,709	7.8%
FY00	\$101,561,577	6.3%
FY01	\$107,996,320	6.3%
FY02	\$113,175,197	4.8%
FY03	\$124,675,197	10.2%
FY04	\$127,298,456	2.1%
FY05	\$132,198,007	3.8%
FY06	\$137,685,240	4.2%
FY07	\$143,949,686	4.5%
FY08	\$155,077,580	7.7%
FY09	\$160,085,168	3.2%

Source: Newton Public Schools

The Newton Public Schools will spend \$160 million this school year, a 3.2% increase over the FY08 budget. While the Newton Public Schools’ budget has increased every

year since FY82, it has not increased as fast as some critical budget components (e.g., health insurance, special education costs, and utilities). (See Table 8: NPS Budget Detail FY04-FY08.)

- Salaries accounted for \$108 million or over 67% of the General Fund school budget in FY08. According to the Newton Public Schools, the current three-year contract with the Newton Teachers Association resulted in annual salary increases of 1.5%, 3.1%, and 3.0% for FY07, FY08 and FY09 respectively. In addition to these salary increases, step and level increases⁴ (net of savings due to turnover of staff) averaged 1.5% per year for FY07 through FY09. As a result, salaries, in total, increased by 3.0%, 4.6%, and 4.5% for FY07 through FY09.⁵ In the last three years, therefore, salaries grew at a greater rate than the overall school budget only in FY09. Salaries also grew at a lower or the same rate as the City of Newton's revenues in both FY07 and FY08.⁶
- Benefits, a \$22 million line item in FY08, had a compound annual growth rate of 9.4% from FY04 – FY08.
- Special Education, a \$39.9 million line item in FY08, had a compound annual growth rate of 9.16% from 1998 – 2008 while the total school budget grew at 5.82% during this period. (The section of this report on Special Education provides further information.)
- Utilities, a \$6 million line item in FY08, had a compound annual growth rate of 13.2% from FY04 – FY08.

In summary, the compound annual growth rate from FY99 to FY08 in enrollment was 0.4% while full time equivalents increased 1.3% and the total budget grew at 5.0%.

⁴ Teachers receive an increase in pay based on years of experience (known as steps) and education levels (also known as lanes).

⁵ Note: For comparison purposes, the total budget of the Newton Public Schools increased by 4.5%, 7.7% and 3.2% for FY07 through FY09. The compound annual growth rate for the total budget from FY04 to FY08 was 5.0%.

⁶ General fund revenues for the City of Newton grew 5.1% in FY07 and 4.6% in FY08 compared to the previous year.

Table 8: Newton Public Schools Budget Detail FY04 - FY08

	FY04	FY05	FY06	FY07	FY08	Percent of Total FY08 Budget	Compound Annual Growth Rate FY04 to FY08
Enrollment	11,276	11,267	11,268	11,415	11,501		0.5%
% Change from Previous Year		-0.1%	0.0%	1.3%	0.8%		
Personnel: Full Time Equivalents	1,706	1,714	1,680	1,694	1,796		1.3%
% Change from Previous Year		1.5%	-2.0%	0.8%	6.0%		
Salaries	\$91,138,495	\$94,232,412	\$96,229,875	\$99,615,536	\$107,762,306	69.5%	4.3%
Benefits	\$15,519,963	\$16,916,538	\$17,979,851	\$19,690,644	\$22,203,861	14.3%	9.4%
Subtotal Compensation	\$106,658,458	\$111,148,950	\$114,209,726	\$119,306,180	\$129,966,167	83.8%	5.1%
Non Personnel Expenses							
Utilities	\$3,777,109	\$4,203,937	\$5,505,416	\$5,891,654	\$6,212,784	4.0%	13.2%
Special Ed Out of District Tuitions	\$5,928,085	\$4,905,505	\$5,362,752	\$4,485,189	\$5,706,988	3.7%	-0.9%
Special Ed Transportation	\$1,650,181	\$1,896,474	\$1,988,331	\$2,117,222	\$2,453,594	1.6%	10.4%
Maintenance	\$1,398,583	\$1,527,096	\$2,149,317	\$2,516,995	\$1,914,100	1.2%	8.2%
Contract Services	\$1,210,419	\$1,458,769	\$1,223,132	\$1,625,015	\$1,693,213	1.1%	8.8%
Regular Transportation	\$1,477,858	\$1,552,631	\$1,634,003	\$1,654,774	\$1,629,150	1.1%	2.5%
Per Pupil Allocation	\$1,309,367	\$1,241,430	\$1,147,132	\$1,091,026	\$1,211,631	0.8%	-1.9%
Other (1)	\$4,346,902	\$4,260,833	\$4,614,428	\$5,261,115	\$4,289,953	2.8%	-0.3%
Subtotal Non Personnel Expenses	\$21,098,504	\$21,046,675	\$23,624,511	\$24,642,990	\$25,111,413	16.2%	4.4%
Grand Total	\$127,756,962	\$132,195,625	\$137,834,237	\$143,949,171	\$155,077,580	100.0%	5.0%
% Change from Previous Year		3.5%	4.3%	4.4%	7.7%		

(1) Other: Equipment Repair, Textbooks and Instructional Materials, Custodial & Cleaning Supplies, In-State and Out of State Travel, Admin Office Supplies & Expenses, Equipment, Athletics, School lunch subsidy, Capital Expenditures.

Source: Newton Public Schools

As a result of important components of the school expenses growing faster than the overall budget, the Newton Public Schools have had to make difficult choices in FY04 – FY07 and again in FY09 to produce a balanced budget. These decisions are reflected in part in the data on the staffing history. With salaries and benefits comprising such a large part of the total budget, Newton Public Schools inevitably has to control the number of employees if revenues do not grow at the same pace as the expenses related to the historical level of programs and services. The number of full time equivalents in the last ten years shows an uneven, up and down pattern. As mentioned previously, the compound annual growth rate from FY99 to FY08 in enrollment was 0.4% while full time equivalents increased 1.3%. (See Table 9: Newton Public Schools: General Fund Staffing History - FY99 to FY08.) Interestingly, for those categories with a large number of personnel, only aides that help special education students grew at a high rate. (This is discussed in depth later in this report.)

Table 9: Newton Public Schools: General Fund Staffing History (FY99 to FY08)

CATEGORY	RESPONSIBILITY CENTER	POSITION DESCRIPTION	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	
ADMINISTRATION			21	23	23	24	28	31	31	30	29	38	
	AIDES	Special Education Aides	195	228	249	276	299	275	275	261	271	234	
		Other Aides (1)	101	113	113	100	92	101	109	103	108	192	
AIDES Total			297	340	362	375	391	376	384	363	378	426	
CLERICAL			93	91	91	90	92	84	85	81	80	79	
CENTRAL STAFF			7	7	8	8	8	7	7	7	7	7	
OPERATIONS (Custodial and Maintenance)			92	92	94	94	97	90	93	89	86	89	
INSTRUCTION	Elementary Education	Elementary and Reserve Teachers	231	245	248	242	241	245	238	240	245	261	
	Secondary Education	Middle School Teachers	190	194	194	184	190	186	185	177	169	175	
		High School Teachers	215	238	243	236	248	246	243	242	247	248	
		Other Teachers (2)				4	2	2	2	1	1	4	
	English Language Learners	English Language Learners Teachers	17	17	17	18	19	19	19	20	21	22	
	Career & Technical Education	Career & Tech Ed Teachers	9	9	8	8	10	10	10	10	10	10	
	Information Technology	Instructional Technology Specialists	11	11	11	11	11	11	11	11	11	12	
		Librarians	26	26	25	26	26	24	24	24	20	22	23
		Elementary Art Teachers	14	15	15	14	14	14	14	14	14	12	14
		Elementary Literacy Specialists	9	9	7	8	15	15	15	15	15	16	15
		Elementary Music Teachers	15	15	15	14	15	15	15	15	16	15	17
		Elementary PE Teachers	15	16	16	16	16	16	16	15	15	15	17
		Other (3)	10	16	17	12	11	12	10	10	5	5	9
		Total	63	70	70	63	70	63	70	69	65	63	71
Pupil Services	Classroom Teachers	Classroom Teachers	42	43	43	50	49	48	52	55	53	58	
	Inclusion Facilitators	Inclusion Facilitators	9	14	23	23	24	25	26	27	26	25	
	Learning Center Teachers	Learning Center Teachers	54	54	60	57	63	62	62	61	61	57	
	Pre-K Teachers	Pre-K Teachers	7	8	6	7	7	8	9	10	10	10	
	Speech & Language	Speech & Language					15	17	18	19	21	19	
	Other (4)	Other (4)	2	2	0	4	5	4	5	5	7	8	
			891	948	966	990	983	979	976	969	969	969	1,008
			63	67	72	69	71	70	70	70	74	77	80
			15	15	15	15	15	15	15	15	15	15	15
			47	47	48	48	48	48	48	48	47	48	47
SUPERVISORY	Elementary Education	Principals	9	9	9	9	9	8	8	8	8	9	
	Secondary Education (5)	Coordinators	12	12	12	13	15	13	13	13	12	12	
	Curriculum & Instruction	Other Supervisory (6)	68	68	68	70	72	69	69	68	68	68	
SUPERVISORY Total		1,531	1,636	1,685	1,682	1,742	1,706	1,714	1,681	1,681	1,694	1,796	
Grand Total													
Percent Difference Previous Year				6.9%	3.0%	-0.2%	3.6%	-2.1%	0.5%	-2.0%	0.8%	6.0%	

(1) Other Aides: Information Technology, Fine Arts, Science, World Language, Early Literacy, Specialists, Pre-K
(2) Other Teachers: Enrichment Coordinators, Springboard, MCAS, Reserve

(3) Other Curriculum and Instruction: (China Institute, Community Service, Data & Assessment Specialist, Elementary Academic Initiatives Facilitator, Elementary Curriculum Specialists, Health Specialist, Middle School Literacy Specialists, PTA Creative Arts, Research Assistant (MCAS) Theater Technical Assistants, Elementary School Coaches

(4) Other Pupil Services (Adaptive Physical Education, One-on-One Program, Vision Specialists)

(5) Secondary Education Supervisory: Assistant Principals, Department Heads, Housemasters, Principals

(6) English Language Learners, Career & Technical Ed, Information Technology, Curriculum and Instruction Administration & Early Childhood & MCAS & Mentor;

Pupil Services Administration & Elementary Coordinator & Guidance Dept & Middle School Assistant Principals & Pre-K Coordinator & SPED Dept. Heads & Speech Coordinator

NOTE: The figures in this table are calculated using the Newton Public Schools General Fund only and do not include staff paid on Federal, State or Private Grants or Revolving Funds.

Source: Newton Public Schools

EXPLANATIONS FROM NPS:

Administration: **The change from 29 to 38 FTE's in the "Administration" Category from FY07 to FY08 is due to the following factors:**

- 1.) Pupil Services: The reorganization of the Pupil Services Administration for one year due to the retirement of the Assistant Superintendent for Pupil Services led to the addition of 2.4 interim positions for FY08. Positions were redefined for that year and there was no less than 1.0 FTE increase.
- 2.) Middle School Technology Salaries of 2.3 FTE's were re-categorized during NTA negotiations from Unit C aide positions to Unit E administrative positions, so no new FTE's.
- 3.) Information Technology Administration was increased by 2.0 FTE's due to increased IT needs.
- 4.) Purchasing and Transportation: The former position of 1.0 Purchasing and Transportation Coordinator was split into two new full time positions adding 1.0 FTE, but both positions at lower salary level.

5.) The High School Planning Liaison position was increased by 0.2 FTE due to increased needs during the Newton North construction period.

6.) A 1.0 secretarial position in the Office of the Deputy Superintendent was reclassified from a NESa secretarial position to a non-aligned Administrative Secretarial position, so no new FTE.

Total Increase = 8.9 FTE from FY07 to FY08

The change from 21 to 30 FTE's in the "Administration" Category from FY99 to FY06 is due to the following factors:

- 1.) Administrative Reorganization: A reorganization of the Ed Center administrative staff went into effect for the FY04 fiscal year. This led to the creation of some new positions and the elimination of others, in the categories of Administration, Clerical, Central Staff and Supervisory. The following changes were made in the Administration Category: 2 new positions in Human Resources, 1 new position in Curriculum & Instruction (later reduced to 0.55), 2 new positions in Pupil Services, -1.0 position in Business, Finance & Planning, -0.5 position in Secondary Ed and -1.0 position in Information Technology. The net effect is an addition of 2.0 positions in Administration. FY1- There were also reductions in clerical staff as part of the reorganization to more than offset the increases.

2.) Open District: 1.0 Open District (Technology Support Position) was added at the high school level in FY03.

3.) Production Center: 1.0 Production Manager was added at the Ed Center in FY01, cost offset by printing costs paid by school and department budgets.

4.) Information Technology: Information Technology Administration was increased by 4.0 FTE's from FY99 to FY06 due to increased IT needs.

5.) Business, Finance & Planning: The Planning Specialist position was created in FY00 as a 1.0 position. This position had formerly been in the previous Planning & Operations Department as Office Manager and may not have been classified as Administration.

Total Increase = 9.0 FTE from FY99 to FY06

Aides: The increase in aides' positions during FY08 is primarily due to an increase in Pupil Services aides of 40.0 FTEs. These staffing increases have been addressed by the Pupil Services Department.

Elementary and Reserve Teachers: The overall increase in Elementary and Reserve Teachers from FY04 through FY08 has been in line with the increases in elementary enrollments during the period. Speech and Language: Speech and Language Teachers have increased by 6.4 FTE's from FY03 to FY08. This staffing increase has been addressed by the Pupil Services Department. Administrative Reorganization in FY'04:

The reorganization saved approximately \$750,000 at the same time increasing the number of professional positions and decreasing secretarial positions. This savings has basically been realized on an ongoing basis since the number of positions did not increase after that until 2008-09 when NPS added the Assistant Superintendent for Elementary Education. That addition was for a zero net increase due to several retirements among the administrative staff.

Table 10: Staffing - Compound Annual Growth Rates

			FY08	FY99- FY08	FY04- FY08
ENROLLMENT			11,570	0.4	0.7
CATEGORY	RESPONSIBILITY CENTER	POSITION DESCRIPTION			
ADMINISTRATION			38	6.8%	5.2%
AIDES	Special Education Aides		234	2.0%	-4.0%
	Other Aides (1)		192	7.4%	17.4%
AIDES Total			426	4.1%	3.2%
CLERICAL			79	-1.8%	-1.5%
CENTRAL STAFF			7	0.0%	0.0%
OPERATIONS (Custodial and Maintenance)			89	-0.4%	-0.3%
INSTRUCTION	Elementary Education	Elementary and Reserve Teachers	261	1.4%	1.6%
	Secondary Education	Middle School Teachers	175	-0.9%	-1.5%
		High School Teachers	248	1.6%	0.2%
		Other Teachers (2)	4	n.a.	18.9%
		English Language Learners	English Language Learners Teachers	22	2.9%
	Career & Technical Education	Career & Tech Ed Teachers	10	1.2%	0.0%
	Information Technology	Instructional Technology Specialists	12	1.0%	2.2%
		Librarians	23	-1.4%	-1.1%
	Curriculum & Instruction	Elementary Art Teachers	14	0.0%	0.0%
		Elementary Literacy Specialists	15	5.8%	0.0%
		Elementary Music Teachers	17	1.4%	3.2%
		Elementary PE Teachers	17	1.4%	1.5%
		Other (3)	9	-1.2%	-2.6%
		Total	71	1.3%	0.4%
	Pupil Services	Classroom Teachers	58	3.7%	4.8%
		Inclusion Facilitators	25	12.0%	0.0%
		Learning Center Teachers	57	0.6%	-2.1%
		Pre-K Teachers	10	4.0%	5.7%
		Speech & Language	19	n.a.	2.8%
		Other (4)	8	16.7%	18.9%
INSTRUCTION Total			1,008	1.4%	0.7%
PUPIL SERVICES (Guidance Counselors, Psychologists, Social Workers, Other)			80	2.7%	3.4%
SUPERVISORY	Elementary Education	Principals	15	0.0%	0.0%
	Secondary Education (5)		47	0.0%	-0.5%
	Curriculum & Instruction	Coordinators	9	0.0%	3.0%
	Other Supervisory (6)		12	0.0%	-2.0%
SUPERVISORY Total			68	0.0%	-0.4%
Grand Total			1,796	1.8%	1.3%

Source: Newton Public Schools. Staffing from the General Fund.

IV. Goals and Choices of the Newton Public Schools

The Citizen Advisory Group has discerned a number of key choices made by the School Committee of the Newton Public Schools and the Superintendent and administration that demonstrate a number of their fundamental principles and goals:

- Provide an excellent education to all students, not just in the core academics but in all aspects of education (e.g., robust athletics, arts and vocational programs)
- Maintain small class sizes and small teaching loads at all levels
- Attract and retain skilled and dedicated teachers and administrators using excellent compensation as one tool (e.g., goal of top 5 in Massachusetts for teacher pay and benefits)
- Give priority to people (especially classroom teachers and compensation) over buildings, maintenance, technology, and equipment when tradeoffs are required
- Implement mandates fully, incorporating the spirit of the laws, in pursuing an excellent education for all students, including those students with special education plans
- Enact policies that address the wide range of economic needs of families in Newton (e.g., keep fees low, make transportation accessible and at a low cost)
- Foster respect for individuals of differing races, religions, ethnicities, economic classes, learning styles and abilities

According to an analysis by the Citizen Advisory Group, the funding required to support these goals and the quality and quantity of services within the Newton Public Schools using the current educational model requires an annual growth rate in expenditures of 5.9%. This often exceeds the increase in revenues provided by the City. Consequently, even though the school budget has increased on a year-to-year basis, the size of the increase has not always allowed for “maintenance of effort.”

Having a gap between needed increases to sustain historical levels of service and revenues is not unique to Newton. In fact, we have seen parallel versions of these issues emerge in many, many cities and towns throughout the state. Last year, CommonWealth Magazine featured an article entitled, “Municipal Meltdown” in its Fall 2007 issue that describes just these problems.⁷

⁷ “For more and more Massachusetts cities and towns, the financial equation isn’t adding up. The costs of local government are simply rising at a rate far faster than the revenues used to pay for services. Though homeowners have been howling over steadily rising bills, overall property tax collections are held in check by Proposition 21/2, the state’s landmark tax cap measure. State aid to cities and towns, which has become an increasingly important source of funding for local governments because of the property tax cap, has risen only modestly in recent years—after deep cuts during the state budget crisis several years ago. Add soaring health care and pension costs, and you have a recipe for municipal disaster.” Municipal Meltdown by Gabrielle Gurley, CommonWealth, Fall 2007.

V. Implications of the Structural Funding Gap

Due to the contractual agreements with Newton Public Schools' employees and the growth rate in some key expense items, the underlying expenses of the school system have been growing at a faster rate than the budget increases. (For example, the Budget and Compensation Analysis later in this report shows that benefits increased 9.3% on average for the past six years and the Special Education Analysis projects special education costs to increase at 8.7% in the future.) This funding gap has meant that the Newton Public Schools have had to make difficult decisions to reduce services, (i.e., cut expenses) in selected areas. These cuts have resulted in an erosion of services and programs. The Citizen Advisory Group does not believe that the full impact on the students, teachers and staff of these losses, even while previously stated by the School Department, have been delineated clearly enough.

In order to close the gap between ongoing costs growing faster than revenues, **the Newton Public Schools has had to make decisions that have produced a gradual and cumulative erosion in most instances in arenas that can be best described as educational infrastructure**, i.e., educational investments that are hard to spot by parents and citizens because they are long-term investments rather than items that address more immediate needs. Some of these areas are administrative and leadership support, staff supervision, professional development, and technology applications. These cuts or postponed investments (or sometimes maintenance of current levels of staffing), in combination with a student population increase of close to 300 students in the last four years, have negatively impacted the ability of administrators and teachers to do their jobs effectively.

- **Administrative and Leadership Support**: Reductions over the past five years totaling \$7.6 million dollars, in combination with a student population increase of close to 300 students, have negatively impacted the ability of administrators and teachers to do their jobs effectively. There is less administrative and leadership support. From an administrative perspective, there has been a loss of a director of curriculum and instruction, a speech coordinator, a high school assistant principal, and a middle school assistant to the principal. In the spring of 2006, the Gibson Consulting Group completed a study on the management structure in the Newton Public Schools. They concluded that the administrative structure was stretched too thin and did not provide adequate programmatic or individual support to teachers and staff. The Deputy Superintendent, for example, has 22 significant leaders reporting to her currently. One of the elementary principals has 52 direct reports. Out of the fifty-two, twenty are classroom teachers, and the others are aides, teaching assistants, a custodian, and lunchroom assistants. We also believe that inclusion facilitators' case loads are extremely heavy, another area where important aspects of administration are more taxed and stressed.
- **Staff Supervision**: In a series of interviews with principals, they described having less time now than they did in the past to provide guidance for new teachers, attend and contribute to team meetings, and help teachers untangle knotty

instructional problems. One reason for this is that they are spending more of their time servicing students and families in ways that used to be taken care of by different service providers within the system – staff who have been reduced or eliminated due to budget shortfalls. Most recently, for example, the loss of 6.8 social workers in the elementary schools has directly impacted elementary principals. In the past, when students and families needed support, counseling, and advice, social workers could provide some of this assistance. The principals in our interviews spoke of the emotional issues families are facing which in turn can spill into the classroom. Principals view these emotional and social issues as increasing in both frequency and complexity and expressed concern that they could not handle this effectively as well as all their other essential instructional and curricular responsibilities. This is a particularly stressful scenario for elementary principals because they have fewer support personnel to help with leadership, supervision, and accountability responsibilities. (There are no assistant principals within the elementary administrative structure.)

Stretched administrative staffing has been compounded by the fact that *negotiated changes over time* in the contract have made it financially difficult to have “part time” or fractional parts of administrators (e.g., a 0.2 administrator). The negotiated settlement requires that if a staff member served as a 0.2 administrator and 0.8 teacher, they would be paid as a full time administrator. This has made it more challenging to invest in administrative support in an economical manner. Additionally, the economic downturn in Massachusetts and the nation are expected to further reduce services for the neediest families, leaving more of the burden to fall on the schools for emotional, social, and psychological support.

- Professional Development: Over a ten year period, funding for direct teacher professional development opportunities have diminished, including the opportunity for teachers to attend summer workshops, to create curriculum, to participate in programs like Teachers as Scholars, and to take courses and receive compensation for those costs. For example, in FY03, \$577,294 was invested in professional development. This decreased to \$342,245 in FY05, \$182,956 in FY07, and is expected to be \$245,300 in FY09.

The Citizen Advisory Group Benchmarking Report noted that Newton spends 49.5% more on professional development than communities with a similar commitment to education. It appears that while Newton has cut those aspects of professional development that provide growth opportunities for teachers, it continues to invest more heavily than other communities in another area that the Massachusetts Department of Elementary and Secondary Education also classifies as professional development: instructional supervisors, teachers and other professional staff who spend one-half or more of their time providing teacher training and implementation -- i.e., curriculum coordinators. (The budget for curriculum coordinators is not included in the figures above.)

In summary, Newton's teachers, while receiving significant support from other Newton Public Schools' staff that focus on curriculum coordination and curriculum development, have less opportunity for the more traditional professional development activities than they have had in the past. Additionally, it is important to note, that many of the instructional supervisors noted above have a far greater number of supervisees than they had in the past. What is clear to the Citizen Advisory Group is that Newton's ability to provide professional development, when compared to previous years, has diminished. We would add that some consider that the capacity to provide quality professional development is what distinguishes great school systems from good ones. Professional development may very well fall in the category of essential qualities of excellent schools.

- Technology: Insufficient and deferred funding has drastically slowed the implementation of the Newton Public Schools' long-range instructional technology plan. The Instructional Technology Plan envisioned the use of technology to deepen learning and to enhance student productivity, communication and research and to help faculty collect and analyze data on students while enhancing communication. Funds for training teachers, servers, hardware, software, peripherals, supplies, maintenance, and replacement were also included in the plan. The technology plan has been funded on a limited basis, at approximately 10% - 15% of the defined need, due to budget constraints.

The diminished capacity of administrators to provide ongoing supervision and the reduction in professional development opportunities have challenged the Newton Public Schools' ability to nurture, develop and sustain teacher quality. Newton's reputation and its track record as a high quality education system have rested on the foundation of hiring and developing skilled and dedicated teachers. It is not sufficient to hire the best and the brightest. The system must also support the ongoing growth and development of teachers.

The gap in funding referenced above, combined with a consistent set of decisions that have favored meeting the needs of more immediate and more visible items like maintaining reasonable class size, has left fewer opportunities for teachers to expand their repertoires and gain needed knowledge to keep current. These kinds of decisions impact the system's ability to support the growth and development of new and veteran teachers.

To expand on this idea, class size is often the visible face of school quality for parents. In 2007-08, over 40% of elementary classes had fewer than twenty students. Even in the high schools (which have larger class sizes), only 21% of the classes had more than twenty-five students. These data can lead people to think that the Newton Public Schools are doing just fine. But, other aspects of the system were declining even as class sizes remained reasonable. Reasonable class sizes in essence camouflaged erosion in other areas.

Another area that has been impacted by this gradual and cumulative erosion is building maintenance as investments have been continually postponed. By all accounts, necessary

building maintenance has been inadequately funded. (The forthcoming Citizen Advisory Group on Capital will explore this issue.) While the link between building maintenance and teaching and learning might not be obvious, when we interviewed principals, they described spending significantly more time than they once did on such problems as leaks and non-functioning toilets (as two examples). Each minute devoted to this kind of challenge is time taken away from what could be spent observing and analyzing teaching or interacting with students.

VI. Communication to the Public

In addition to the financial gap placing stress on the system, **there has been a reluctance to communicate about the cost of the programmatic trade-offs that have been made as a result of insufficient funds to maintain the level of services.** This reluctance is rooted in a desire to maintain morale during a period when people are asked to do more with less. Furthermore, there is a concern on the part of some administrators that focusing on these losses would appear to some as “whining” and that would incur criticism and a further erosion of public support. **This reluctance to communicate the “not so good news,” however, has led to a secondary set of issues that are challenging the system.** These are:

- Impact of Funding below “Maintenance of Effort” Levels: The Citizen Advisory Group perceives that, in the eyes of the public, it is not clear how much the quality of education has been negatively impacted by the economics of the past few years. In our interviews, a number of people have commented that “money is often found” and that leaders continue to proclaim that, “Newton continues to be an excellent system” despite the cuts. If cuts have been made and erosion has been sustained, has there not been a significant and negative impact on the quality of service? Last spring, the Override Budget and the Allocation Budget in some ways defined a difference in quality. But, we believe that there is a sense in the community, **that regardless of what budget passed, Newton is and will be an excellent school system.** This kind of confidence works as a double-edged sword. It encourages well-deserved confidence in the work of the educators and staff who serve the schools but it also leads some to think that the qualitative difference between various budgets are neither substantial nor significant. This is a dilemma for Newton.
- Trust: The Citizen Advisory Group perceives an increased skepticism in, and in some cases a lack of trust for, the judgment and decision-making processes of School Committee members and school leaders. Contributing factors to this development are:
 - Sometimes what is claimed will happen after a failed override or a lean budget year does not occur or occurs in a less serious way.
 - Comments from administrators that are aimed at keeping morale high during a stressful time are interpreted as exemplifying a reluctance to be honest.
 - The Newton North decision-making process and the communication vehicles used to inform the public about the new Newton North Building and how to finance it were flawed. This significant financial and communication issue has tainted people’s confidence in leadership across the city.
 - Information about the school budget and parent – school communication has felt incomplete by some citizens. Part of this is inevitable because it is impossible to always provide data in the form requested and immediate

answers to questions. While responding in a timely fashion to data inquiries is a goal of the Newton Public Schools, administrators have limited time to communicate with the public and, as more time is spent responding to information queries, there is less time available to do the job of running the schools. While we recognize this inevitable tension, we think that rather than more forums and additional reports, the format and the way the communication is framed may need to change. Our recent national election has shown the power of almost instantaneous communication with constituencies. As examples, the Citizen Advisory Group believes that building and updating regularly a database of answers to frequently asked questions (from such sources as parent emails) and more robust and up-to-date information on the website would help the Newton Public Schools to provide timely updates and online opportunities to both circulate important information and expand the boundaries of current levels of communication. We also point out that the Gibson Consulting Group study on the Newton Public Schools Management Structure in the Fall 2005/ Spring 2006 noted:

Parents and other stakeholders frequently take their issues directly to the central office, which takes administrators away from their leadership roles to address issues that could be better resolved at the campus level. The district needs a central office position to support the current “transaction” volume. Over time, the district needs to analyze why the volume of inquiries is so high relative to the size of the school system and take specific actions to alleviate these demands without adversely affecting parent and stakeholder relations.

The School Committee chose not to create this position. If the Newton Public Schools continue to not want to invest in such a position, they need to do the analysis to understand and alleviate the volume of inquiries.

- Distinguishing Essential and Desirable Qualities of Excellent Schools: Additionally, much of what goes into a quality school is not obvious to the general public. More education is needed as to what makes a quality school system as well as the essential (and desirable) factors that contribute to this quality. **We believe that it is critical for the Newton Public Schools to make clear the distinction between what are desirable educational qualities and what are essential ones for maintaining a high quality school system.**

VII. Reputational Effects

The Citizen Advisory Group is aware of the “reputational effects” of past and continuing erosion budgets. With respect to Newton Public Schools, **the question is how far can expenses and investments related to educational programs, services, and oversight be cut before Newton schools lose their reputation for excellence?** As the community discusses “priorities” and “choices” in the coming weeks and months, this question will become increasingly salient.

Once a reputation for excellence is lost, it is very difficult to regain. This happens in all walks of life: for hospitals, law firms, investment management firms, universities, and, of course, just about every other service and product whose brand conveys assurance to clients and buyers. Because the costs of a lost reputation are so high, the incentives to maintain a good reputation are normally quite strong.

Most organizations in competitive milieus (think of Newton as only one of several attractive suburbs of Boston) rely heavily on reputations because it encourages people to choose one offering over another. For sure, advertising has a role to play in building reputation, but the best way to pay for and maintain a reputation is not to broadcast a message of excellence or reliability but rather to demonstrate it very clearly to knowledgeable, interested “customers.” Arguably, Newton continues to have the reputation for one of the very best public school systems in Massachusetts. But, if Newton schools are systematically underfunded by some standard, its inability to demonstrate excellence or even adequacy to extremely attentive and knowledgeable parents will become transparent to all.

Equally important is that fact that “reputation” can be very important in motivating employees. This dynamic can lead to either a virtuous or a vicious circle. In Newton’s case, a loss of reputation and internal pride could beget further declines in morale, thereby perpetuating or accelerating eroding performance.

Finally, and most important, is the matter of trust. From the very beginning of the Citizen Advisory Group work, we have heard about an eroding trust in leaders in Newton’s city government and the schools. We noted this on the previous page. In the absence of trust, the costs of maintaining cooperative relationships can become very high. (One of such costs is the introduction or expansion of enforceable contracts designed to ensure certain levels of performance; this “contracting model” can be expensive and inflexible.) If Newton’s reputation for excellence continues to erode with its eroding budgets then this trust link will be broken, and a major reconstruction effort will be required to restore its reputation.

It is an old and probably correct presumption that home prices correlate highly with the reputation of a community’s school system. For many of us, the calculus surrounding the decision to “buy into Newton” is more complex. Without trust in our elected and appointed leaders to deliver services reflecting the values of our community, Newton will decline in its ability to attract and retain residents who share the city’s traditional values.

If this were to occur, then Newton would become just another bedroom community with few special features except geography.

VIII. Long-Term Planning and Budgeting Framework

The Newton Public Schools invests considerable time and expertise in their budgeting and forecasting capabilities. They produce numerous, detailed analyses of a wide range of programs within the school system. Nonetheless, there are a number of ways to improve the process to help the School Committee and the administration as it distinguishes and makes choices about what is desirable and what is essential for maintaining a quality school system.

We recognize that the City of Newton's practice of making budget allocations only for one year at a time inhibits the ability of the Newton Public Schools to plan for the long term. As a result, the Newton Public Schools make year to year budget decisions which often have the effect of turning short-term choices based on a specific year's budget constraints into long-term decisions. The Citizen Advisory Group believes that it is critical for the Newton Public Schools to produce long-term strategic and financial plans by *program area* that make clear program priorities and their associated costs. In this way, the administrators of Newton Public Schools, the School Committee, and the City will be able to make *long-term* choices on what is "essential" and what is "desirable." By changing the budgeting system, Newton Public Schools can plan more effectively, improve their operations more thoughtfully, and achieve their education objectives more definitively. An improved long-term budgeting process will allow both the School Committee and the administration to make better financial and program decisions, improve operations, and enhance relations with citizens and other stakeholders.

Key Principles

- The Newton Public Schools should lay out the budget forecast over a six year (i.e., the length of two union contracts) time horizon – this will help the Newton Public Schools to evaluate more comprehensively the long-term impacts of the decisions that they make. While the Newton Public Schools produce extensive long-term forecasts, detailed budgeting focuses primarily on the following fiscal year. Given the short-term focus, it is difficult to give sufficient perspective to long-term needs. (The lack of funding for the Instructional Technology Plan serves as an example of this.)
- The Newton Public Schools administration should produce a six year plan that organizes costs by program area – similar to the existing responsibility areas (e.g., elementary education, special education, arts and music, technology, etc.) that will align with the choices that the Newton Public Schools need to make.
- The Newton Public Schools should include a revenue plan (jointly developed with the City) that details funding scenarios, options, and contingencies. Scenarios and options should include such areas as City allocations, State grants, direct fundraising, debt financing, and overrides (including debt exclusions).
- All key stakeholders – the School Committee, administration, teachers, parents, and citizens – should be included in this process.

Approach

- Develop the budget for the next six years using a programmatic framework (e.g., elementary education, middle school education, high school education, special education, fine arts, athletics, METCO, English Language Learning, professional development, etc.) which will enable the School Department to communicate programmatic priorities more effectively. A narrative that explains goals and objectives for each program should be included. (Existing forecasts group expenses either under type of costs (e.g. salaries) or by “responsibility center.” Neither method allows citizens to look at programs in detail.
- As best as possible, include metrics that indicate service level for the category. These would include performance measures such as: class size, number of hours of music/art instruction, breadth of program options, adult/student ratio, supervisory hours, educational outcomes, etc. These metrics are critical for showing what the Newton Public Schools gets for its investment or, loses with cuts.
- Under each programmatic area, include separate line items for salaries, benefits, and any costs that comprise greater than 5% of the total category. That way, it is possible to understand the major cost drivers for each program.
- Since this is likely to be in a spreadsheet form, the model will allow administrators to adjust growth rates for teacher salaries and benefits and other key cost components through the six years. This will enable the Newton Public Schools to explore in more detail the tradeoffs between salary growth at a certain level vs. cutting/expanding existing or new programs.
- Keep capital and technology investments as separate categories so they can be monitored easily.
- Create three scenarios:
 - A₁ Stable Budget & Incremental Change in Newton’s Educational Model: Assume 4% annual growth in the school’s budget and \$1.75 million in capital spending – present incremental changes in the current model over 6 years.
 - A₂ Stable Budget & New Model for Newton Public Schools: Assume 4% annual growth in the school’s budget and \$1.75 capital spending – consider a new model for delivering education to Newton’s students
 - B Growing Budget: Assume 6% annual growth and capital investment based on defined program needs
- Be sensitive to reversible vs. irreversible decisions. In the context of setting priorities and making choices due to the structural gap between revenues and expenses, the School Committee will want to make a distinction between (a) resource allocation or budgeting decisions that can be easily reversed if new sources of income can be developed or found, and (b) decision’s whose effects can only be reversed at great cost or not at all.

Here are some generalized examples:

- *Reversible* decisions or choices might include deferred maintenance in a non-inflationary environment or a temporary cut back in “non-core” academic offerings if it actually leads to reductions in school staff.

- *Irreversible* decisions might include losing both the *capacity* and the *brand name* for academic excellence of the Newton Public Schools system and systematically underfunding capital renewal and technology. For example, if Newton Public Schools continues to defer introduction of its technology strategy, how long will it take for Newton to sink into a position where the costs of catching up will be prohibitive — thereby permanently compromising the school system’s reputation for instructional excellence? Or, how much further will deferred maintenance in the schools lead to a backlog (now running in the hundreds of millions of dollars) that will be very difficult to work off as the maintenance and construction costs inevitably increase along with the interest payable on bonded projects?

Scenario Planning

The Citizen Advisory Group built a variation of scenario A₁ - Stable Budget & Incremental Change in Newton’s Educational Model as a way to understand the challenges the Newton Public Schools face and the effects of various choices. If the Newton Public Schools continued using its current educational model which requires budget increases of 5.9% annually but only received increases of 4.3%, the cumulative deficit in the next six years would be over \$60 million. In the scenario, we decreased the rate of growth in salaries and benefits and implemented cost efficiencies in food services and transportation. We also invested \$1 million in technology. This still left a deficit of \$10 million which we hypothetically plugged with a \$3.4 million override in FY13. This model is not an endorsement of these particular choices but rather shows the power of scenario planning.

Table 11: Newton Public Schools Six Year Scenario Planning

<i>All figures in (\$000's)</i>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
BASE CASE:						
NPS Budget requirement at 5.9% growth	\$169,530	\$179,532	\$190,125	\$201,342	\$213,221	\$225,801
NPS Budget allocation at 4.3% growth	166,969	174,148	181,637	189,447	197,593	206,090
<i>Surplus/(deficit)</i>	<i>(2,561)</i>	<i>(5,384)</i>	<i>(8,488)</i>	<i>(11,895)</i>	<i>(15,628)</i>	<i>(19,711)</i>
<i>Cumulative surplus/(deficit)</i>	<i>(\$2,561)</i>	<i>(\$7,945)</i>	<i>(\$16,433)</i>	<i>(\$28,328)</i>	<i>(\$43,956)</i>	<i>(\$63,668)</i>

Table 11: Newton Public Schools Six Year Scenario Planning (continued)

<i>All figures in (\$000's)</i>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
SCENARIO A-1						
Reduce NPS Budget requirement to 5.1% growth*	\$168,249	\$176,830	\$185,848	\$195,327	\$205,288	\$215,758
NPS Budget allocation at 4.3% growth	166,969	174,148	181,637	189,447	197,593	206,090
<i>Surplus/(deficit)</i>	<i>(1,281)</i>	<i>(2,682)</i>	<i>(4,212)</i>	<i>(5,880)</i>	<i>(7,695)</i>	<i>(9,668)</i>
<i>Cumulative surplus/(deficit)</i>	<i>(1,281)</i>	<i>(3,962)</i>	<i>(8,174)</i>	<i>(14,054)</i>	<i>(21,749)</i>	<i>(31,417)</i>
Additional efficiencies/(investments)						
Outsourcing school lunch	1,188	1,247	1,310	1,375	1,444	1,516
Transportation savings	800	832	865	900	936	973
Benefits savings from GIC	-	500	537	577	619	665
Insurance trust fund distribution	-	2,925	2,925	-	-	-
Investment in technology	-	<u>(500)</u>	<u>(500)</u>	-	-	-
Subtotal efficiencies/(investments)	1,988	5,004	5,137	2,852	2,999	3,155
<i>Revised surplus/(deficit)</i>	<i>707</i>	<i>2,323</i>	<i>925</i>	<i>(3,028)</i>	<i>(4,696)</i>	<i>(6,513)</i>
<i>Revised cumulative surplus/(deficit)</i>	<i>707</i>	<i>3,030</i>	<i>3,955</i>	<i>928</i>	<i>(3,768)</i>	<i>(10,281)</i>
Operational override (FY2013)				3,427	3,427	3,427
Net cumulative surplus/(deficit)	\$707	\$3,030	\$3,955	\$4,355	\$3,086	-

* Reduce NPS Budget requirement to 5.1% growth by (1) reducing COLA for teachers/aides to 2%/year, (2) reducing aide Step growth to 4%/year, and (3) reducing benefits growth to 7.4%/year

IX. Overarching Recommendations

In summary, the cycle of trying to maintain Newton's reputation for excellence *without* clearly defining and communicating the choices that school leaders have already made and the resultant losses has complicated the financial challenges that confront the Newton Public Schools.

It is from this understanding that the Citizen Advisory Group recommends:

1. **Implement Cost Saving, Program Assessment and Budgeting Recommendations:**
Follow up on the recommendations for efficiencies, improvements, and planning, some of which are further delineated later in this report.
 - Compensation:
 - The School Committee and Administration should develop and articulate a philosophy for staff and teachers' compensation – does the Newton Public Schools want to continue to be among the top levels for teacher pay, and, if so, how do these investments impact the funding available for other parts of the educational program?
 - In particular, the School Committee and Administration should review the compensation structure of Newton's special education aides as the number of aides are increasing and their salaries are growing at 8.4% annually.
 - The Newton Public Schools should survey teachers on a regular basis to assess "what matters most" to teachers; this will help the Newton Public Schools focus its limited funds in ways that will continue to attract and retain the highest quality teachers possible.
 - The City and the Newton Public Schools should actively consider joining the state's health insurance program, the Group Insurance Commission (GIC). An in-depth analysis should be done immediately. Certainly the decision to join the GIC will be easier if legislation is passed that would allow municipalities to join without union approval but the analysis should be done regardless of whether such legislation is passed. In addition, the level of the City's contribution to health care premiums should be reviewed and the benefits accorded to future employees. Newton Public Schools may not be able to bear the same level of benefits in the future that it has committed to in the past.

- Special Education:
 - The School Committee should have an outside evaluation done to determine how well and how efficiently the special education program is delivered; this type of evaluation is needed on a periodic basis, perhaps every ten years.
 - The Newton Public Schools should establish its own set of metrics to measure the effectiveness of its special education programs. In establishing those benchmarks, the Citizens Advisory Group suggests Newton Public Schools involve special education parents, educators, and administrators.
 - The Newton Public Schools should systematically capture and report costs and revenues in a more “reader friendly,” accessible manner.
 - The Newton Public Schools should partner with the Special Education PAC to continually evaluate and improve upon programs and practices, including substantive issues of quality and the delivery of services.
 - The Newton Public Schools should continue to work with the Special Education PAC to improve communication, transparency and public understanding of Newton’s special education programs.
- METCO:
 - The School Committee and the Newton Public Schools should periodically assess and communicate how this program supports our core values and how effectively it is achieving our educational goals. In particular, the assessment should review the impact (e.g., educational, social, financial, curricular, class size, teacher load, etc.) of the METCO program, its level of participation, and the quality of this longstanding program.
- Transportation:
 - Reduce costs by providing transportation or free transportation to fewer students and increase fees (Range of savings: \$30,000 to \$1.67 million)
- Food Services:
 - Outsource Food Services, both management and labor (Range of savings: \$300,000 to \$1.2 million)

2. Create a Chief Financial Officer (CFO) position and Implement a Long-Term Scenario Planning and Budgeting Process: While the school administration does an excellent job of accounting, control, and forecasting, the Citizen Advisory Group believes that creating an *additional* Chief Financial Officer position would enable the school system to focus more attention on analysis and in developing and implementing a long-term financial strategy. As the ninth largest school system in Massachusetts and with responsibility for managing a \$160 million enterprise, comprising 55% of Newton’s total expenditures, this is a good investment.⁸ The Chief Financial Officer position can potentially be filled either by elevating existing staff or hiring someone from outside the system. As discussed earlier, the School Department (like most city departments) appear locked into a short-term budgeting process that inhibits its ability to make long-term decisions on funding critical priorities. The current strategic planning process is essential to creating a long-term vision for the school system, but without integrating this plan into a long-term financial framework, the Newton Public Schools will remain mired in short-term priorities. Additionally, a more robust financial infrastructure will help to rebuild confidence and trust in the school system.

3. Define Essential Qualities of the Newton Public Schools: While efficiencies will make a marked difference, ultimately they will not close the gap between the amount of revenue needed to sustain the current breadth and quality of Newton Public School programs and services and the rising costs of areas such as utilities, legal mandates for special education, and health care benefits. Given this reality, the Citizen Advisory Group believes that it is critical for the Newton Public Schools to *make choices* by distinguishing between what is *desirable* and what is *essential* for maintaining a quality school system. While many communities would like the distinction of being the best or a leader among many, we think we should keep our eye on the target of **consistently delivering a high quality program in the essential areas**. In order to accomplish that goal, we need to tackle the difficult subject and come to reasonable agreement among stakeholders about what factors contribute to the high quality that Newton citizens want and are willing to support financially.

While there is near consensus about certain parameters, such as the central importance of skilled and dedicated educators, there is less unanimity and inconsistent research findings that support with reasonable certainty, other factors, such as class size. Continued and expanded “education” of the public is desperately needed, especially on the complexity of programs, mandates, funding, and most importantly, the factors that maintain and produce an excellent school system. In particular, the School Committee and the Superintendent need to be clear about what are the markers of high quality that Newton wants to use to judge its progress. In the absence of specific and community-developed benchmarks, many are going to rely almost solely on standardized test scores and class size. We believe this is too limiting a standard. Much more dialogue and communication are needed to help inform citizens about the importance of breadth and depth of curricular offerings,

⁸ Only Boston, Springfield, Worcester, Brockton, Lowell, Lynn, New Bedford, and Lawrence have more students. Department of Elementary and Secondary Education, 2007-08 data.

Special Education mandates and processes, METCO, teacher development and compensation, as well as the critical need for consistent supervision (and the time needed for administrators to complete this work), professional development, and programs that support early intervention in order to prevent problems later in the school life of students (e.g., literacy intervention and pre-school).

As part of this community education outreach, we think that there needs to be a more thorough explanation of *fixed costs* with an emphasis on how costs, even ones that appear fixed, are a function of past choices and priorities. Teacher load, while contractual in nature at this current time, can change through negotiation. Salaries and the associated steps and lanes are also negotiable. Factors like small class size are not contractual and thus any substantive shifts in class size guidelines could impact the number of teachers and thus the amount of costs that are *fixed* in the short term.

As part of that process, we think the following areas should be reviewed in depth with completely open minds. These are potential levers to use to reduce costs in the face of financial constraints. The School Committee and the Superintendent should answer questions *like* the following:

1. Class Size: What are the upper limits of class size that still support quality teaching learning and does it vary across elementary, middle, and high schools? Can class size be increased with minimal effect on education? If so, by how much? We have seen some significant shifts in class size from last year to this year. When can the Newton Public Schools provide to the public, data, in addition to teacher and administrative observations, that show educational trends related to these increases (e.g., achievement, special education referrals)? For example, last year approximately 56% of Newton's first grade and Kindergarten classes met the target guideline of fewer than 20 students. This year, due to the failed override, approximately 20% of those classes met the target guideline. This is a significant shift in enrollment parameters. Can the Newton Public Schools document both the qualitative and quantitative differences that flow from this change? The evidence on detrimental effects of larger class size, especially of small increases in class size starting from Newton's current levels, is very mixed at best, and any such deleterious effects can probably be more than offset by making sure that one hires and supports top quality teachers.
2. Teaching Loads: As teacher loads increase, educators will have less time per student for feedback and instructional interaction. What teaching loads at Newton's high schools are desirable or essential? We know that communities that have a similar dedication to excellence have, in some cases, similar load configurations. Others, though, have a higher load than academic teachers at Newton's high schools. Would the savings accrued by having higher loads produce gains in other areas of instruction (e.g., elementary schools) without sacrificing essential levels of quality?

3. Teacher Compensation and Development: While hiring skilled and talented teachers is central to high quality education, what is done to support the ongoing development of those teachers may be even more critical.⁹ What kinds of professional development, administrative supports, and educational collaboration are essential to the growth and development of skilled teachers? Can Newton’s strategy for salaries and benefits be modified without endangering our talent pool? While everyone can agree that skilled and dedicated teachers are critical, the specific role of salaries and benefits, class size, student load, student mix, professional development, and working conditions are less understood. Can salary increases be scaled back with minimal impact on hiring and retention? Would increased supervision and collaboration significantly improve teacher satisfaction, retention, and skills?

4. Neighborhood Schools: While optimal class sizes and neighborhood schools are desirable in Newton, are both essential to the quality of educational programming? If not, which should have the higher priority? As the Newton Public Schools plans its renovations for elementary and/or middle schools, should it consider having fewer, larger schools? What are the costs and benefits – educationally and financially – of maintaining the current number or reducing the number of school buildings? Can larger schools still nurture smaller learning communities, another goal of the Newton Public Schools?

6. Re-Thinking Education: We applaud the efforts of the School Committee’s Strategic Planning team initiative. Thinking about how to provide a quality education, both in a period of fiscal constraint and in an era of technological innovation, is critical. This strategic planning process is addressing such important questions as, “What does a child graduating in 2020 need from the Newton Public Schools? What are the key strengths of our school system so that we can let those competencies be a driving force in future decision-making? What could it mean for the Newton Public Schools to be a “permeable” campus?” Recommendations that the Newton Public Schools expand and explore online learning options for pre K – 12 students and use other online resources for students and teachers could have profound implications for the nature and cost of education in the future.

⁹ Malcolm Gladwell in Most Likely to Succeed: How do we hire when we can’t tell who’s right for the job? (New Yorker, December 15, 2008) quotes Eric Hanushek, an economist at Stanford, who estimates that the students of a very bad teacher will learn, on average, half a year’s worth of material in one school year. The students in the class of a very good teacher will learn a year and a half’s worth of material. According to Hanushek, teacher effects dwarf school effects: your child is actually better off in a “bad” school with an excellent teacher than in an excellent school with a bad teacher. Hanushek posits that teacher effects are also much stronger than class-size effects. A school system would have to cut the average class almost in half to get the same effect from switching from an average teacher to a teacher in the eighty-fifth percentile. Furthermore, a good teacher often costs the same as an average one, whereas halving class size would require that build twice as many classrooms and hire twice as many teachers. But, identifying top quality teachers is not easy nor is training them to become one. Moreover, not all educators agree with Hanushek’s conclusion.

None of the recommendations for increased efficiencies elsewhere in this report will close the gap between the greater rate of growth in expenses compared to revenues in the Newton school system. However, we believe that providing the public with the information, education, and distinctions listed above will result in improved confidence in the leadership and direction of the schools as it makes difficult decisions about the *desirable* and the *essential*. This confidence in turn will improve the likelihood that if elected officials decide to put an override on a ballot, voters might support additional funding for the schools. Educating the public will also provide citizens with a more complete and accurate understanding of the budgetary choices that have to be made in order to protect and acquire the essential and core qualities of the schools that they embrace.

In some ways, our recommendations, especially the ones centered on communication, might cause frustration because it is easy to conclude that the kind of communication we recommend is precisely what has been and is occurring. In our investigation, we did not meet a single citizen who wanted anything but a strong Newton Public School system. However, we did hear sufficient doubt and/or confusion around whether or not the money currently funding the schools was carefully and wisely spent. We also did not sense a deep and broad understanding of how the current educational needs that have not been funded sufficiently in the eyes of the administration were critical and essential to sustaining the quality that they espoused for the schools.

Our report is aimed at shaping a mission that we believe must be undertaken by school leaders in coordination with the School Committee. This boils down to providing a blue print that clearly outlines what is essential to maintaining a high quality educational system.

X. Summary of Additional Recommendations

A. Budget and Compensation

Since fiscal year 2003 (FY03) when Newton citizens voted for a general override, the Newton Public Schools budget has grown at a compound annual growth rate of 4.3%. However, that 4.3% is below the approximately 5.9% annual increase that the Citizen Advisory Group estimates is needed to maintain existing levels of programs and services (assuming existing contracts and arrangements with Newton Public Schools' employees remain largely the same and similar growth in special education as experienced in past three to five years). The Citizen Advisory Group analyzed key components of the Newton Public Schools budget including salaries, benefits, special education, utilities, and maintenance. As salaries and benefits comprise 83% of the Newton Public Schools budget, it was imperative that the Citizen Advisory Group look particularly closely at the Newton Public Schools compensation.

Teachers and aides comprise 78% of the Newton Public Schools' salary expense, thus the Citizen Advisory Group focused our compensation analysis on those two segments of the workforce: Newton Teachers Association Bargaining Unit A (Teachers) and Unit C (Aides).

As part of the analysis, we developed a model that projected the growth of the Newton Public Schools, based both on School administration estimates and our own analysis. The model revealed that the two major factors that are driving school budget growth beyond 4.3% are:

- Benefits (growing at 9.3% over the past six years); and,
- Special education mandated costs projected to grow at 8.7% per year. As discussed in the report on Special Education, a number of factors continue to drive these costs -- chief among them are the overall growth of the special education population and the increasing complexity of student needs (including a dramatic increase in students with autism, health, communication and neurological diagnoses). Further, while the Citizen Advisory Group recommends a much closer look at the Special Education programs, in the near term, we see few opportunities for significant savings.

Of note, while health insurance benefits are a key component of overall growth in the budget, teacher salaries are *not* the "budget buster" that leads to 5.9% growth. The Citizen Advisory Group estimates that teacher salaries (Unit A) are growing at approximately 4% per year (including the 3% Cost of Living Adjustment (COLA) for FY09) when we account for step and lane increases and turnover savings (discussed in more detail below).

Under the current business model, without a budget increase each year of 5.9%, the Citizen Advisory Group believes that the Newton Public Schools will not be able to maintain its current level of programs and services. In other places in this report, the

Citizen Advisory Group notes that the Newton Public Schools has already suffered from the erosion in its budget. We also suggest some areas for savings (e.g., Food Services and Transportation). But, the Citizen Advisory Group concludes that if the budget continues to grow at less than 5.9% per year, the quality of the Newton schools will continue to erode.

As part of this report, we recommend that Newton:

Develop and Articulate a Philosophy of Teacher Compensation

We believe that it is critical for the City and the Newton Public Schools to articulate a clear viewpoint on teacher compensation. What is the appropriate level of teacher salaries, both compared to other communities as well as compared to other professions (a challenge faced by all school systems)? Does Newton want salary levels to remain consistent with other communities the Citizen Advisory Group Benchmarking report cited as having a “similar commitment to educational excellence,” with compensation levels among the highest in the state? If we choose not to, what are the implications for Newton’s ability to continue to attract top quality teachers? And, as important, how do we continue to craft the type of job and work environment that will attract and retain teachers?

Review Compensation Structure of Special Education Aides

We believe that it is timely and prudent to review the compensation structure of Newton’s special education aides. As illustrated more fully in the Special Education portion of this report, the number of aides entering the system to support Newton’s increasingly complex special education population is far exceeding the number of aides exiting the system each year. In addition, aides’ salaries are growing at 8.4% annually. The increase in the number of aides combined with the growth in salaries has overall special education aide salaries growing at 10.8%. We recommend that the Newton Public Schools identify what skills are currently required of its special education aides and benchmark their compensation package to similarly skilled aides in surrounding communities. We also recommend that the Newton Public Schools model the long-term impact of the current step structure in aides’ salaries, and give consideration to whether a more fiscally sustainable model can be developed.

Conduct Regular Teacher Surveys

We believe that in order to develop a clear vision of teachers’ compensation and work environment, it is essential that we ask the teachers “what matters to them” in a clear, confidential format. In Appendix F, we have included a sample teacher survey that we designed. We recommend that the school department conduct an extensive survey on teachers’ views of the current state of the school system that addresses what is important to teachers in their jobs and what factors teachers believe contribute to providing an excellent education. We think surveying the teachers is essential to developing a work environment that will be attractive to talented educators.

Consider Joining the Commonwealth's Group Insurance Commission

Health insurance benefits are an area where the City may have an opportunity to realize savings. While teachers' salary growth is in line with Massachusetts' average personal income growth, private employers have been able to pass on a share of the growing costs of health insurance to employees; employer contributions to health care premiums in Massachusetts have, on average, dropped to 75%, below the 80% currently paid by the Newton Public Schools. The Commonwealth's health insurance program has sometimes had lower levels of growth in its insurance costs than Newton has realized. Thus, the Citizen Advisory Group recommends that the Newton Public Schools and the City consider joining the Commonwealth's Group Insurance Commission (GIC). The Citizen Advisory Group report on Municipal Cost Structure provides more detail on this recommendation.

B. Special Education

Special education is a very complex and specialized area. No member of the Citizen Advisory Group is expert in special education, therefore the Citizen Advisory Group did not attempt to evaluate how well Newton is delivering special education services. Instead, the Citizen Advisory Group undertook to identify (1) the financial trends in special education and how special education costs are impacting the total Newton Public Schools budget, and (2) to what degree the community thinks our special education dollars are well spent. The Citizen Advisory Group analyzed the Newton Public Schools' special education enrollment and cost data, and documented the viewpoints and concerns it heard about Newton's special education programming during the course of its work. Finally, the Citizen Advisory Group developed recommendations to address the issues identified and concerns raised.

Newton is mandated under state and federal law to provide special education services to eligible students from age three (3) to twenty-two (22). Currently, Newton has approximately 2,300 students who are eligible for special education. In FY '08 they represented approximately 19.5% of the total student population, and over 25% of the total school budget is devoted specifically to their needs.

Special education enrollment has been growing faster than total enrollment, and the special education portion of the budget has grown correspondingly. A significant contributor to the growth in the special education budget is the number and salary structure of the special education aides who support Newton's students with special needs. The growth in the number of aides is due to fact that more students with severe needs who require the assistance of an aide are entering the system than exiting. Thus, in recent years there has been a net increase in the number of aides in the system. In addition, under the current contract with the Newton Teachers' Association, aides' salaries are growing at approximately 8.6%, with little or no "turnover savings" resulting

from retirement of aides at higher steps.¹⁰ Aides are also entitled to benefits and benefits have been another significant driver of Newton Public Schools' overall expenses. Other contributors to special education cost growth are transportation costs, out-of-district tuition, and contracted services.

Because special education services are legally mandated, it is not entirely within the control of Newton Public Schools to decide how much of its budget to spend on special education services in any given year. For example, if a student is identified with special education needs during the school year, Newton Public Schools must address those needs and would have to pay for the cost of services for this student even though the funding had not been set aside in the budget process. Costs for special education services, depending on severity of need, can range from \$2,000 to \$250,000 per student. In a time of relatively static or limited budget growth, mandated special education costs may continue to take up a larger portion of the Newton Public Schools budget, with the result that other parts of the school budget must be reduced.

The special education laws are grounded on student and parental rights and on the principle that separate is not equal. School districts are obligated to provide a "free and appropriate" education in the "least restrictive environment" based on the student's individual needs. Thus, it is not simply a matter of a school system deciding to "hold the line" on its special education services. Legally, Newton Public Schools must provide appropriate services to its students with special needs. However, the means by which those services are delivered are not mandated (although they are regulated). As such, in analyzing special education programming, the issues are ones of efficacy and efficiency (just as in general education): how do we most effectively and efficiently meet the individualized needs of our students with special learning needs?

During the course of its work, the Citizen Advisory Group heard repeatedly that Newton provides a very good, if not excellent, education to its students with special needs, just as it does for its general education students. Nevertheless, the Citizen Advisory Group identified the following issues as worthy of further examination:

1. The efficacy and fiscal sustainability of the Neighborhood Inclusion model;
2. The lack of agreed-upon metrics to measure outcomes of programs and services;
3. The absence of a consistent and easily understandable summary of special education costs and revenues (presented in a way that allows easy analysis of growth trends, etc.);
4. A lack of transparency about the special education programs and services provided within Newton Public Schools;
5. A lack of public understanding about special education generally – what it is, the diversity of the special needs population and profiles, the legal mandates under which services are provided, and the individualized nature of each student's educational plan.

¹⁰ The salary structure of aides and its impact on the budget is discussed more fully in Appendix A.

In view of this, the Citizen Advisory Group recommends that the Newton Public Schools:

1. Conduct an outside evaluation to determine how well and how efficiently special education services are delivered (this analysis would address whether Newton Public Schools can deliver as good or better services with the same or fewer dollars);¹¹ this type of evaluation is needed on a periodic basis, perhaps every ten years;
2. Establish its own set of metrics to measure the effectiveness of its special education programs. The Citizen Advisory Group suggests Newton Public Schools work with the Special Education PAC to establish these metrics and that it involve special education parents, educators, and administrators;
3. Capture and report systematically special education costs and revenues in a more “reader friendly” manner;
4. Partner with the Special Education PAC to continually evaluate and improve upon programs and practices; these efforts should not be focused on compliance issues, but rather on substantive issues of quality and the delivery of services;
5. Improve communication, transparency and public understanding of Newton’s special education programs by continuing to work with the Special Education PAC.

C. METCO

The Citizen Advisory Group was given three mandates: to develop new or enhanced sources of funding, to improve the City’s operational efficiency and effectiveness, and to define choices about municipal and educational service levels. The analysis of METCO falls squarely into the category of defining choices about educational service levels and also raises issues relating to efficiency and effectiveness. We undertook this review of METCO while recognizing the long-held commitment of Newton Public Schools to diversity and to the METCO program as well as the increasing financial pressure on the School Department’s operating budget. Any number of programs could have been reviewed in depth (e.g., high school athletics, the arts, the choice of student centered middle schools versus subject centered Junior Highs, or Career and Technical Education); METCO was chosen as an area many people wanted to understand better, with particular questions about how it is funded.

The benefits conferred by METCO on Newton’s school system seem clear to the Citizen Advisory Group. METCO provides both Newton and Boston students an important education in diversity. Without exception, the Citizen Advisory Group found the teachers

¹¹ The Citizen Advisory Group understands that the School Committee has recently committed to such a study. The Citizen Advisory Group believes that defining the scope of the study and the expected deliverables will be paramount in ensuring an instructive report with actionable recommendations is produced.

and the administration in the Newton Public Schools completely committed to the METCO program. The METCO program serves as an important and long standing marker of what Newton stands for as a city. As such, this program represents value choices as well as resource commitments made by the Newton community over many years.

What is harder to measure, however, are the claims that METCO places on school resources. Like many of the choices made by the Newton Public Schools, METCO comes with a price tag. While there are a number of different ways to analyze financially the METCO program, the analysis the Citizen Advisory Group finds most compelling shows it is essentially break even. Participating in METCO involves not only possible financial outlays but also increases in class size (a hot button issue in Newton, like most communities) and teacher load.

METCO is a voluntary program in two senses. African American, Latino, Asian and Native American children from Boston or Springfield voluntarily attend suburban schools and 32 suburban school districts voluntarily welcome the Boston students into their school systems. With 415 students (plus or minus 5%), Newton has the largest METCO enrollment in Massachusetts in absolute numbers. As a percentage of METCO students relative to total school population, Newton stands sixth among the ten communities that enroll the largest number of METCO students. METCO students account for 3.5% of Newton's total enrollment.

Newton's goals for the METCO program include:

- Providing the opportunity for participating students from Boston to learn together in an integrated public school setting with students from racially isolated suburban schools.
- Increasing the diversity and reducing the racial isolation in Newton so that the students from different backgrounds can learn from each other in meaningful ways.
- Providing closer understanding and cooperation between urban and suburban parents and other citizens in the Boston metropolitan area.

Newton has had a long term policy of admitting METCO students only in Kindergarten, 1st or 2nd grades. Working with the elementary school principals, the Director of METCO assigns METCO students to specific schools based on existing and projected class size, siblings that already attend that school, low number of METCO students at that particular elementary school (thus that school is a candidate for more METCO children), and the strong preference for not isolating one METCO child in a grade at a school by himself/herself.

As Newton's METCO materials note, "The Newton METCO Program is comprised of a diverse group of students from broad ethnic, cultural, economic, and religious backgrounds with a range of educational strengths and needs." Seventy-nine percent of the METCO students are African-American, 14% Latino and 7% Asian. With the

METCO students, the diversity of the Newton school system changes somewhat. Notably, METCO doubles the number (and percentage) of African American students in the Newton Public Schools. Socioeconomically, the majority of METCO students are from middle and/or high income families. While METCO does not include severely disabled special education students that need placement outside of Newton, METCO includes students with a range of educational strengths and needs and does include non-severely disabled children with special education needs. Newton's METCO program has a higher percentage of students with special education needs relative to the resident Newton student population (37% in 2007 for METCO compared to 17% for Newton as a whole, including the METCO students).

Massachusetts provides a grant to suburban school districts that participate in METCO. The direct METCO costs for staff and expenses are considerably lower than the state grant. Therefore, METCO in effect provides revenues to the Newton Public Schools General Fund. For sake of clarity, we call these revenues the "METCO Credit to Instruction." For both FY2008 and FY2009, the METCO Credit to Instruction came to approximately \$939,000 or \$2,318 per METCO student.

A financial analysis of METCO addresses only one of the considerations pertaining to its sustainability, perhaps the least important one. Yet this analysis has the virtue of reopening a discussion of community values and priorities as we work our way through increasingly difficult economic times. The most compelling financial analysis in the eyes of the Citizen Advisory Group looks at incremental costs. This analysis shows a financial cost to Newton of \$990,934 compared to the METCO Credit to Instruction of \$939,000.

In essence, the incremental cost analysis shows a *small cost* to Newton of approximately \$50,000 in total for participating in METCO. When compared to the schools' estimated 2009 budget of \$160 million, participating in METCO could be viewed as a "no cost" or relatively "minimal cost" vehicle for achieving broad social and educational goals that are fully embraced by the community. In other words, Newton Public Schools provides and participates in a wide range of programs to meet its mission of educating, preparing, and inspiring students to achieve their full potential as lifelong learners, thinkers, and productive contributors. As one way to achieve these goals, Newton Public Schools voluntarily participates in METCO. The school system has a financial incentive to do so in the form of a grant from Massachusetts. The financial analysis shows the METCO program essentially breaks even.

Just like other non-mandated programs, Newton Public Schools should periodically review in depth METCO: its purpose and measurable benefits and costs. Therefore, the Citizen Advisory Group recommends that the School Committee and Newton Public Schools analyze and discuss openly the following types of questions:

- How can Newton best achieve its educational goals for diversity and what is METCO's role in this?

- How can Newton Public Schools measure – qualitatively and quantitatively – the learning impact of having a more diverse school community by virtue of participating in METCO?
- Is METCO achieving its full potential? Are there ways to increase its effectiveness?
- If, based on a set of assumptions, METCO costs the Newton Public Schools more than what is received in METCO grant funding, are the social and educational benefits sufficient to retain the program at its current level, a lower level, or at all?
- Will even more resources from Newton be required in the future to maintain the current scale of METCO’s operations and Newton’s position as a leader in multi-cultural education?
- If the state reduced or eliminated funding for METCO, would Newton Public Schools keep the program?
- Can Newton, perhaps in concert with other cities and towns, press the state to provide more funding to METCO?
- Should the scale of the METCO program be reduced and will this ensure or undermine Newton’s continued leadership in multi-cultural education?
- If class sizes continue to rise in the future, how should this be factored into the analysis of METCO?
- Should some portion of the commitment to METCO be reallocated to other pressing needs within the school system?

While these are difficult questions both to discuss and to answer thoughtfully, the Citizen Advisory Group recommends that Newton Public Schools periodically (perhaps every five years) examine in depth the impact of METCO (e.g., educational, social, financial, class size, teacher load), its level of participation, and the quality and effectiveness of this longstanding program. This has not been done historically in an open and periodic manner. The Citizen Advisory Group also recommends that Newton Public Schools annually or biennially publish in depth data about METCO, perhaps similar to what is found in this report. Just as the School Committee thinks deeply about a wide range of choices (e.g., class size, professional development, curriculum) so too should METCO be discussed openly and regularly to see if the investments provide the kind of return we hope in actualizing Newton’s commitment to diversity.

D. Transportation

Only 15% of Newton public school students use the bus system. Of these, 65% pay a fee to do so. Yet, transportation of students within the Newton school district to both public and private schools currently costs \$1.67 million per year. The cost is in part due to two factors out of Newton's control – the mandate by Massachusetts to transport K-6 students (both public and in-town private school students) for free who live more than 2 miles from their school and high bus costs. But, a significant portion of the \$1.67 million is a result of three choices that have been made by the School Committee – bussing additional students for free, offering bus service to all students for a fee, and setting bus fees at a level substantially below full cost.

The School Committee has voluntarily chosen to offer to bus for free approximately 1270 K-5 elementary school students. Significant savings are possible if Newton only provided free transportation based on the State mandate – K-6 students who live more than 2 miles from school. Newton classifies parts of Newton as safety areas and voluntarily provides free transportation to ensure young students in these areas get to and from school safely. Approximately 970 of the 1270 K-5 students live in areas classified as safety areas. If the Newton Police provided more crossing guards, the number of students living in safety areas would decrease; as a result, costs would decrease since fewer buses would be needed or income from bus fees would increase.

In addition, Newton chooses to offer transportation for a fee of \$220 (a level substantially below full cost) to all 7 – 12 students and K-5 students who live within 1 mile of the school and 6th grade students who live within 2 miles of school.

Newton has also followed state regulations that mandate free transportation for in-town private school students. However, it appears that the mandate may no longer be enforceable. Newton's lawyers will want to pursue this question.

Communities have very different policies about who is eligible to ride for free, who is eligible to pay, and the level of fees. Compared to some communities, Newton's fees (\$220 per student with a \$440 family cap) are considerably lower (e.g., Lexington (\$550 per student with a \$1600 family cap) and Needham (\$370 per student with a \$750 family cap)). Brookline provides no bus service at all (even for a fee) for K – 8 students living within 1.5 miles of their schools and no service to 9 – 12 students (except those in South Brookline where there is no public transportation available). Wellesley follows the state mandate and only provides bus service to K – 6 students living farther than 2 miles from the school. In contrast, some communities – mostly those with far fewer students and smaller geographic areas to serve – provide bus service for free to all their students (e.g., Weston and Wayland).

There are two possible strategies for reducing the transportation cost of \$1.67 million. These alternatives can be used in combination:

- (1) Reducing the costs by reducing the number of buses by either/or
 - (a) Providing bus service to only those students mandated by law and/or
 - (b) Hiring more crossing guards to reduce the number of elementary school students who need bus service for safety reasons

- (2) Increasing fee revenues by either/or
 - (a) Increasing the fee level and/or
 - (b) Having more students pay the fee (K-5 students who live between 1 – 2 miles from school, presumably in non-safety areas)
 - (c) Asking private schools to contribute to the cost of transportation

If Newton followed state mandates and only provided bus service to K-6 students that live more than 2 miles from school, this would result in a 70% reduction in the cost of transportation, or approximately \$1.18 million in savings. Transportation costs would decrease from \$1.67 million to \$490,000. If Newton were able to eliminate transportation to in-town private school students, there would be a savings of \$392,000. If Newton charged fees to the elementary school students who live between 1 and 2 miles from the school in non-safety areas who currently use the bus system regularly,¹² fee revenues might increase by \$30,000 - \$50,000. If fee levels were increased (to either \$300 or \$400) using the current policy, additional revenues of \$80,000 to \$170,000 are likely. If both more users were charged and fees were increased, additional revenues would be \$155,000 to \$270,000. In addition, Newton should ask private schools to contribute to the cost of transportation, a form of payments in lieu of taxes (PILOTs).

All of the above mentioned issues must though be looked at in the context of the “community” side of delivering education. Newton’s “neighborhood school” system results in students in twenty-one different buildings. Yet, because of the neighborhood schools, most elementary school students live within two miles of their school. Newton is also a physically large community (18 square miles), with little transportation from the MBTA available. There are few alternatives to walking or biking to school for the younger students other than riding school buses or being driven by adults (carpools or parents). Many schools are located in dense urban settings so that if buses were eliminated and automobile counts increased, traffic might become worse and safety issues might increase for pedestrians and cyclists. Newton can expect that if bus service is decreased or fees increased, parents will be upset. When Newton recently instituted fees for K-6 students living between 1 to 2 miles from school, ridership went down and parents reacted negatively to the new policy. As the amount of money brought in by the fees was not significant in the eyes of policy makers, the School Committee changed the following year to the “no fee between 1 - 2 miles for K-5” policy.

The Citizen Advisory Group recommends that the Newton Public Schools explore all the options. Spending \$1.67 million to bus 15% of Newton’s public school students does not seem like a good use of funds in light of all the other educational priorities facing the Newton Public Schools. But, this is a choice based on values and priorities. It involves financial,

¹² 299 elementary school students who live 1-2 miles from school in non-safety are allowed to ride for free under the current policy.

safety, convenience and environmental issues. Shifting more of the burden for transportation and its costs to parents in light of other priorities for the school system seems appropriate to the Citizen Advisory Group.

E. Food Services

Food Services in the Newton Public Schools are a \$4.2 million dollar operation. While enrollment has grown slightly by 2.5% since FY2003, lunch sales have declined by 12.7%. Only 38% of students buy lunch at school. (The Director of Food Service for Newton suggested that the number of students district-wide eating meals should be at 50% - 55%..) Even as sales have declined, total expenses have grown by 6.2%. After income and reimbursements, providing 688,695 meals (of which 636,635 were lunch) to students resulted in a loss of \$1.2 million in 2008 (i.e., the Newton Public Schools had to provide a subsidy). This loss did not come as a surprise and had been projected in the Newton Public Schools' operating budget.

The Commonwealth of Massachusetts requires all public schools to offer lunch to its students. In addition, Newton participates in the federal National School Lunch Program which provides cash subsidies and low cost food commodities to schools. As part of this program, Newton provides low income students with low-cost or free lunches. While overall sales are down, the number of free and reduced lunches has increased by 34% and 14% respectively since FY2003.

The facilities at the fifteen elementary schools have a substantial impact on the quality and costs associated with food service. The fifteen elementary schools do not have full kitchens (only re-heating ones) and only six elementary schools have designated eating areas (i.e., cafeterias). Teachers, by contract, are not responsible for students during the lunch period in elementary schools. Therefore, Newton hires lunch attendants to monitor the children at a cost of \$408,613 in FY2008. Nonetheless, the 15 elementary schools have among the smallest losses on average compared to the middle and high schools and among the lowest cost per meal. But, because there are so many elementary schools, the cumulative effect of the deficit in elementary school food services (\$496,162) is considerable. Certainly, though, food services in the elementary schools are not the sole driver of the food services deficit.

The Newton Public School lunch prices are higher than comparable schools and higher than the meals students choose to buy at many of the for-profit eateries that high school students frequent.

Food accounts for over 30% of the Food Services budget and food costs increased by 11.7% last year. Labor and benefits account for another 62% of the budget.

Food Services at the Newton Public Schools seem to be under the shadow of a "perfect storm," leading to a lot of red ink:

- The Food Service Department is losing \$1.2 million on expenses of \$4.2 million.
- Losses have been rising on a rather consistent basis.
- Prices are the highest of any benchmark schools.
- Sales of paid lunches have been falling consistently.
- Sales of free and reduced price lunches (which receive only a partial subsidy) have been increasing.
- The percentage of students buying lunch is low, particularly in the middle school, according to people experienced in this area.
- Serving only nutritious food as required by the National School Lunch Program and by Newton's Wellness policy may result in menus that are less appealing to students, leading to decreased sales.
- Based on anecdotal evidence, students (who may have high expectations about food) complain about the low quality, unappealing taste and unsatisfactory menu choices.
- Food costs are rising.
- Labor costs are rising.
- The nature of the elementary school facilities make changes in food choices more difficult and require unusual and thus higher labor costs.
- The economic turmoil has reduced disposable income.

While other school districts are facing the same cost pressures, nonetheless it is unusual for a school system to be consistently in the red in its food service program. We know, for example, that Lexington and Wellesley (and recently Brookline) break even.

The objective for the Food Service Department should be to provide nutritious meals at a break-even financial level by increasing revenue through greater participation and lowering costs.

The Citizen Advisory Group applauds the efforts of the Newton Public Schools for the incremental changes they have already implemented and are considering right now. But, the Citizen Advisory Group believes that a more significant change is needed. We recommend that the Newton Public Schools put out to bid the management and delivery of the food services program. Both private businesses as well as the Food Service Department should be allowed to "bid" for the contract. (To be more specific, rather than bidding, the Newton Public Schools would compare an in-house management proposal to bids which would be issued according to state procurement laws.)

We are convinced that competition will lead to more appealing food choices, higher sales, and lower costs. The Town of Lexington has successfully done just this. If the Newton Public Schools are unwilling to introduce competition and get bids, they must find a way to decrease labor hours and increase labor flexibility. Brookline can serve as a role model.

XI. Appendices

A. Budget and Compensation Report

I. Executive Summary

Since FY03 when Newton citizens voted for a general override, the Newton Public Schools (NPS) budget has grown at a compound annual growth rate of 4.3%. However, that 4.3% is below the approximately 6% annual increase that the Citizen Advisory Group estimates is needed to maintain existing levels of programs and services (assuming existing contracts and arrangements with Newton Public Schools employees remain largely the same and similar growth in special education as experienced in past 3-5 years). The Citizen Advisory Group analyzed key components of the Newton Public Schools budget including salaries, benefits, special education, utilities, and maintenance. As salaries and benefits comprise 83% of the Newton Public Schools budget, it was imperative that the Citizen Advisory Group look particularly closely at Newton Public Schools compensation.

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Health insurance benefits are an area where the City may have an opportunity to realize savings. While teachers' salary growth is in line with Massachusetts' average personal income growth, private employers have been able to pass on a share of the growing costs of health insurance to employees; employer contributions to health care premiums in Massachusetts have, on average, dropped to 75%, below the 80% currently paid by the Newton Public Schools. The Commonwealth's health insurance program has sometimes had lower levels of growth in its insurance costs than Newton has realized. Thus, the Citizen Advisory Group recommends that the Newton Public Schools and the City consider joining the Commonwealth's Group Insurance Commission (GIC). The Citizen Advisory Group report on Municipal Cost Structure provides more detail on this recommendation.

II. Current Status

Salaries and benefits account for more than \$135¹³ million, or approximately 85% of the Fiscal Year 2009 \$160 million Newton Public Schools budget (General Fund). While the total school budget has grown at a compound annual rate of 4.3% over the past six years since the 2003 override (FY 03 – FY 09), that growth has not enabled the system to keep pace with its program and staffing requirements. In order to better understand the role of compensation and benefits in the overall budget, the Citizen Advisory Group has analyzed the individual components of the Newton Public Schools compensation structure. Specifically, we looked at:

Growth in programs that in turn require increases in staffing levels;

The rate of salary growth for teachers and aides; and,

Benefits and healthcare costs

Composition of the Newton Public Schools Staff

In FY 2009, the Newton Public Schools employs approximately 1,700 people, over 1,400 of which are instructional staff (classroom teachers, specialists, librarians, etc.) and aides. The remainder of the staff is comprised of administration and supervisory personnel (superintendents, principals, department heads, directors of technology and technical education), administrative support personnel (budget and accounting, payroll, human resources, procurement), pupil services personnel (psychologists, guidance counselors, social workers), and clerical and custodial personnel. (The history of staffing for FY99-FY08 is in Table 9.)

¹³ Not including \$2,396,828 in salary offsets due to SPED circuit breakers, METCO, and other.

For compensation and contract purposes, the Newton Public Schools staff is comprised of 8 units. Units A-E are part of the Newton Teachers' Association and are comprised of teachers, aides, specialists and certain administrators. The administrative assistants and custodians negotiate separate contracts with their own unions. Central staff administrators and principals do not participate in collective bargaining.

What drives growth in salary compensation?

To analyze the salary cost structure for the Newton Public Schools, we looked at two of the bargaining units, which together comprise 78% of salaries. Unit A – which includes teachers, specialists, school psychologists and social workers – is \$74.3 million for FY09, or 66% of total salaries for the system. Unit C – which includes Aides (both Regular Instruction and Special Education) – is \$13.7 million, or 12% of total salaries.

There are three essential components to growth in salaries for the Newton Public Schools teachers and staff:

- Annual salary increases (or Cost of Living Adjustments – COLAs): These are negotiated in each contract cycle. For FY 2009, the COLA was 3.0% for all teachers and aides.¹⁴
- Step and Lane increases: During the first 13 years of tenure (for teachers) and the first 8-10 years (for aides), individuals receive an *additional* salary increase over and above the COLA to recognize the additional experience they have gained. For teachers, this is approximately 4% per year while they are “stepping,” and for aides, this increase is approximately 8% per year while they are “stepping.” The philosophy behind the step system for teacher compensation is the assertion that teachers’ starting salaries are lower than those of other professions that require similar educational backgrounds and responsibilities. In those other professions, employees often make a significant salary jump after 2-5 years of experience through promotions and advancement. Proponents of steps argue that the steps ensure teachers progress toward that increased compensation earned by other professionals. Step proponents also point out that it takes teachers 10-14 years (depending on the number of steps¹⁵) to reach a compensation level that many other professionals reach in half that time. *As of June 2008, 41% of Newton Teachers have “stepped out” (reached step 13).*

“Lane” increases are based on teachers’ attainment of additional educational credentials, for example earning a “Master’s degree.” While these are substantial for individuals earning additional degrees, at an aggregate level, they do not greatly impact the growth in compensation for the Newton Public Schools.

With few exceptions across the state and country, this is the salary structure that school systems use. Nevertheless, it creates an unusual collective bargaining

¹⁴ In FY07 and FY08, the COLA increases were 1.5% and 3.1% respectively.

¹⁵ The number of steps is not uniform across all districts; each school district negotiates its own number of steps and step increases in salary.

dynamic. The school department and teachers union typically negotiate a single COLA for all teachers – both those who *only receive the COLA and those who start with a 4% increase due to steps. Thus, for FY 2009, those teachers still “stepping” will earn an increase of approximately 7%, while those who have reached step 13 will earn an increase of 3%.*

- Turnover savings: Each year, as teachers retire or leave the system, they are replaced by new teachers, usually at a lower step, receiving lower pay. For the five years up through FY08, the average salary difference of a teacher leaving the system and a new one entering was approximately \$10,000. The resulting turnover savings for Unit A (teachers) is approximately \$1.2 million per year, not including any additional savings due to headcount reductions.

To better understand how each of these elements contributes to the overall growth of the school budget, the Citizen Advisory Group analyzed the total rate of salary growth for Units A and C. We estimated the annual rate of growth in salaries by adding the COLA increase to the increase due to steps and lanes, and then subtracting savings due to turnover. *Note that our calculations for teacher and aide salary growth include those who are still stepping and those who are not.* As shown in the analysis below, the model shows that with COLAs, steps and lanes, and turnover savings,¹⁶ overall teachers’ annual salary is growing at rate of 4.0% per year, while overall aides’ annual salary is growing at a rate of 8.4% per year. This difference between teachers’ and aides’ salary growth is due to two primary factors: 1) Newton Public Schools realizes negligible turnover savings from aides, and 2) aides’ annual step increases are substantially higher than those for teachers.

Table 1: Rate of Salary Growth, Units A and C (FY2009)

	Unit A (Teachers)	Unit C (Aides)
FY09 Salaries (millions)	\$74.3	\$13.7
Overall salary growth due to STEPS and Lanes	2.6%	5.4%
COLA increase (FY09)	3.0%	3.0%
Net increase before turnover savings	5.6%	8.4%
Turnover savings	1.6%	-
Net annual salary growth (projected)	4.0%	8.4%

(Further below is an analysis of the impact of salary growth on the school budget as a whole.)

¹⁶ This analysis is based on static headcount

How do the Newton Public Schools' salaries and wage growth compare to other communities, and to Massachusetts as a whole?

Based on the Draft Citizen Advisory Group Benchmarking report from October, 2008, the Newton Public Schools teacher salaries are high compared to demographically similar communities, but in line with communities with a “similar commitment to education.”¹⁷

Compared to demographically similar communities, Newton's average teacher salary of \$67,080 (MA DOE FY07) is 8.4% above the average of \$61,881. For Master's level teachers, Newton's highest step level, Newton's teacher salary was 7.3% above the average.

Among the six communities with a similar commitment to education, Newton's average salary ranked fifth, although 0.4% above the average. For Master's level teachers, Newton's highest step level, Newton was 1.8% above the average of that group, second to Wayland. In regards to salary growth *within* the step levels, Newton's compounded annual Step growth (for Master's level teachers) is 4.6% per year, compared to an average of 4.8% per year for communities with a similar commitment to education.

For Massachusetts, the average growth in personal wage income was 4.5% per year, based on income levels from 1997 – 2007.¹⁸

Benefits

Benefits include health insurance (84% of total benefits cost), dental, life, and disability insurance, as well as unemployment, workers compensation and travel reimbursement. Health insurance has grown at a rate of 9.3% per year over the past six years (FY03 – FY09).

This growth rate appears to be higher than the experience of Massachusetts as a whole. According to Families USA, family health insurance premiums in Massachusetts grew at an annual rate of 8.6% per year from 2000 – 2007.¹⁹ For the comparable period (FY01 – FY08), average family premiums for the Newton Public Schools grew at a rate of 10% per year. Perhaps as significant, in the private sector, employers have been able to pass some of the burden of fast growing health insurance costs back on employees. Employer contributions for family plans in Massachusetts declined during that same period: from an average of 79% in 2000 to 75% in 2007.²⁰ During that same period, employer contributions in the City of Newton have remained at 80%.

¹⁷ Based on the October 7, 2008 CAG Draft Benchmarking Report “Communities with a Similar Commitment to Education” include: Newton, Brookline, Lexington, Wayland, Wellesley, and Weston

¹⁸ Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, <http://www.bea.gov/regional/spi/SA04fn.cfm>

¹⁹ Families USA, “Premiums versus Paychecks, A Growing Burden for Massachusetts's Workers”, October 2008

²⁰ *ibid*

As rapidly growing healthcare costs plague all municipalities, some are starting to explore the option of joining the Massachusetts Group Insurance Commission (GIC). While the Municipal Cost Committee of the Citizen Advisory Group will be exploring this in greater depth, it is appropriate to briefly discuss it here as benefits are such a significant component of the Newton Public Schools' costs. The Group Insurance Commission is the Commonwealth's insurance purchasing pool that covers over 290,000 state and municipal (some) employees. Some cities and towns have begun to join the GIC (most recently Weston) to take advantage of lower premium rates in the GIC pool. While there are some significant collective bargaining issues involved in joining the GIC, the City's analysis suggests that city wide savings could be between \$1 and \$4 million per year. In addition, as the City currently self insures, joining the GIC might enable the City to liquidate the existing health insurance trust fund of approximately \$9 million.

Joining the GIC also comes with some costs. Newton would be giving up some efficiencies and flexibility it currently has (e.g., Canadian drug purchases, the ability to offer benefits on an exception basis, etc.). Further, it is prudent to compare the City's recent cost experience with the GIC's premium growth to ensure that the savings are, in fact, significant. The analysis of the long-term savings of joining the GIC is a complex one that must weigh many variables.

III. Issues

What are the major drivers to the growth of the Newton Public Schools' budget?

Based on the Citizen Advisory Group analysis of compensation growth combined with the Newton Public Schools five year forecast (through FY13), the Newton Public Schools will require increases of approximately 5.9% per year in order to maintain the current level of service and programs (assuming existing contracts and arrangements with Newton Public Schools employees remain largely the same and similar growth in special education as experienced in the past 3-5 years). Since Newton's override vote in 2002 that impacted the FY03 budget, the Newton Public Schools budget has grown at a rate of 4.3% per year (FY03 – FY09). Thus, if maintenance of existing program levels requires 5.9% growth each year but it only receives an increase in its budget of 4.3%, then the school system will face a deficit of approximately \$2.5 million next year. *Accumulating and compounding this deficit results in a funding gap of almost \$20 million by FY 2015.*

The Citizen Advisory Group analysis of the Newton Public Schools' budget and forecast show two key components that drive the growth in the budget above 4.3%:

- Benefits (growing at 9.3% over the past six years); and,
- Special Education mandated costs projected to grow at 8.7% per year. As discussed in the Special Education report, a number of factors continue to drive these costs. Chief among them are:

- Special education enrollment growing a higher rate than total enrollment in the Newton Public Schools (3.5% per year from FY98 - FY08 compared to 0.5% for total Newton Public Schools enrollment); and,
- A rise in the complexity and needs of students requiring special education services, in particular, the rise in students on the autism spectrum and students with communication, health and neurological diagnoses. From 2003-2008, the number of students with special needs increased 8.07%, but the number of students presenting with autism, communication, health, and neurological needs grew by 75%. In 2003, these students comprised 21% of the special education population, compared to 35% in 2008. These students require a wide range of significant services including occupational therapy, physical therapy, Applied Behavior Analysis support, and speech and language services. Students with these diagnoses also most typically require aide support, and the Newton Public Schools has witnessed a corresponding increase in the number of aides in the system. For example, it is projected that two students requiring aide support will age out of the system (graduate) in June 2009, while 30 students requiring aide support will enter the system in September 2009.

The other two components of projected growth in the Newton Public Schools budget that exceed 4.3% are charter maintenance (i.e., ongoing maintenance of capital plant) and utilities.

Table 2 lays out the major cost components of the Newton Public Schools and their projected rates of growth.

Table 2: Growth Drivers in Newton Public Schools Budget (FY09)

				Contribution to growth above 4.3%	
	Base Year (FY 2009)	% growth	% of budget	\$	%
Instructional salary less offsets (not including SPED)[1]	\$62,707,400	4.30%	39%	7,354	0%
Other salary (principals, custodians, admin, etc.)[2]	24,622,423	3.80%	15%	-123,287	-5%
Benefits (total, including SPED)[3]	23,190,989	8.90%	14%	1,061,414	42%
SPED (less benefits)[4]	33,596,828	8.40%	21%	1,384,487	55%
Utilities[5]	6,384,408	6.00%	4%	108,535	4%
Charter maintenance[6]	1,914,100	15.00%	1%	204,809	8%
All other[7]	<u>7,669,020</u>	<u>2.50%</u>	<u>5%</u>	<u>-137,691</u>	<u>-5%</u>
TOTAL	160,085,168	5.90%	100%	2,505,621	100%

[1] Includes growth in teachers' and aides' salaries based on analysis done under the section "what drives growth in salary compensation"

[2] Based on FY '08-FY '09 growth

[3] Uses historical growth over the past 5 years (8.4%). Figure incorporates growth in FTEs

[4] Based on current NPS projections with the exception that circuit breaker reimbursements are projected to grow at the same rate of tuition increases. Given recent information from the state, it is possible that circuit breaker reimbursement may be reduced.

[5] Based on NPS estimates

[6] Based on NPS estimates of need for appropriate funding to address backlog and future needs

[7] Based on NPS estimates

Note: with total benefits pulled out of SPED

While this report highlights a number of issues, the Citizen Advisory Group budget analysis shows that it is not teachers' salary compensation that is driving up costs beyond the Newton Public Schools' post override growth rates in its overall budget. Rather, benefits and mandated special education costs are driving overall Newton Public Schools costs up at 6% per year. While the Citizen Advisory Group does believe there exists potential savings in benefit costs (discussed above), in the near term, as the special education report shows, Newton Public Schools will be limited in its ability to substantially reduce special education costs.

IV. Recommendations

1) Develop and Articulate a Philosophy of Teacher Compensation

While teachers' salary compensation is not driving the Newton Public Schools' budget growth beyond 4.3%, personnel costs do comprise the biggest part of the budget. Thus, the Citizen Advisory Group believes that it is critical for the City and the Newton Public Schools to articulate a clear viewpoint on teacher compensation. What is the appropriate level of teacher salaries, both compared to other communities as well as compared to other professions (a challenge faced by all school systems)? Does Newton want salary levels to remain consistent with other communities the Citizen Advisory Group Benchmark study cited as having a "similar commitment to education," with compensation levels among the highest in the state? If the Newton Public Schools chooses not to, what are the implications for the ability to continue to attract top quality teachers? What percent increases in salaries are viable in light of the City's financial situation? (It is also important to note that the percent increases in Newton's teacher contract have often been used by Newton's municipal unions as a standard in their negotiations in the following three years.) And, as important, how does the Newton Public Schools continue to craft the type of job and work environment that will attract teachers?

2) Review Compensation Structure of Special Education Aides

We believe that it is timely and prudent to review the compensation structure of Newton's special education aides. As illustrated more fully in the Special Education portion of this report, the number of aides entering the system to support Newton's increasingly complex special education population is far exceeding the number of aides exiting the system each year. In addition, aides' salaries are growing at 8.4% annually. The increase in the number of aides combined with the growth in salaries has overall special education aide salaries growing at 10.8%. We recommend that the Newton Public Schools identify what skills are currently required of its special education aides and benchmark their compensation package to similarly skilled aides in surrounding communities. We also recommend that the Newton Public Schools model the long-term impact of the current step structure in aides' salaries, and give consideration to whether a more fiscally sustainable model can be developed.

3) Conduct Regular Teacher Surveys

The Citizen Advisory Group believes that in order to develop a clear vision on teachers' compensation and work environment, it is essential that the Newton Public Schools ask the teachers "what matters the them" in a clear, confidential format. There may be no more important information than this in helping develop a teacher compensation policy. In Appendix F, we have included a sample teacher survey that the Citizen Advisory Group designed. The Citizen Advisory Group recommends that the school department conduct an extensive survey on teachers' views of the current state of the school system that addresses what is important to teachers in their jobs and what factors do teachers believe contribute to providing an excellent education. The Citizen Advisory Group recommends that such a survey be conducted regularly, possibly every three years. In the private sector, CEOs regularly survey their employees in order to get a sense of what things really matter to them in order to attract and retain top talent. The Citizen Advisory Group heard many comments from Newton Public Schools' administrators, School Committee members and the public during our work supporting the high value that Newton places on having excellent teachers in its school system. The Citizen Advisory Group thinks surveying the teachers is essential to developing a work environment that will be attractive to talented educators.

4) Consider Joining the Group Insurance Commission

Health insurance benefits is an area where the Citizen Advisory Group believes the City has an opportunity to realize savings. As noted above, while teachers' salary growth is in line with Massachusetts' average personal income growth, employer contributions to health care premiums in Massachusetts have dropped below the 80% currently paid by Newton Public Schools.

In order to join the GIC, Newton would have to make a decision by October, 2009, to join for 2010. As noted above, there are currently some not insignificant collective bargaining issues involved in joining the pool. By law, 70% of the City's union membership would need to vote to join the GIC. Thus, joining the GIC is not a decision that the City can make unilaterally, but one that must be arrived at with the support of the City's unions. House Speaker Salvatore DiMasi said in early December 2008 that he will propose legislation in January 2009 that would allow municipalities to join the state's health insurance program without union approval.²¹ Nevertheless, the Citizen Advisory Group recommends that Newton begin immediately to explore the GIC and that it develop a position on potential savings by the end of the current fiscal year.

²¹ Boston Globe, December 9, 2008.

VI. Conclusion

Unless the Newton Public Schools identifies ways of increasing its revenues, the system will need to reduce costs through some combination of:

- Reducing teacher salaries and/or benefits, possibly below that of other communities with a similar commitment to education
- Further reducing staffing levels and increasing class size
- Increasing teacher load (i.e., have teachers in the high school teach five classes rather than four)
- Re-configuring the neighborhood school model, the middle school model, and/or reducing the number of buildings to achieve greater economies of scale
- Further decreasing supervision and teacher development
- Further cutting programs
- Re-inventing the educational model by using technology to reduce staffing
- Achieving efficiencies in utilities, transportation and food services

Thus, without new revenues or changes in our service delivery model, we believe the quality of the Newton schools will continue to erode, putting our reputation as an excellent school system at substantial risk.

B. Special Education Report

I. Executive Summary

Special education is a very complex and specialized area. No member of the Citizen Advisory Group is expert in special education, therefore the Citizen Advisory Group did not attempt to evaluate how well Newton is delivering special education services. Instead, the Citizen Advisory Group undertook to identify (1) the financial trends in special education and how special education costs are impacting the total Newton Public Schools budget, and (2) to what degree the community thinks our special education dollars are well spent. The Citizen Advisory Group analyzed the Newton Public Schools' special education enrollment and cost data, and documented the viewpoints and concerns it heard about Newton's special education programming during the course of its work. Finally, the Citizen Advisory Group developed recommendations to address the issues identified and concerns raised.

Newton is mandated under state and federal law to provide special education services to eligible students from age three (3) to twenty-two (22). Currently, Newton has approximately 2,300 students who are eligible for special education. In FY '08 they represented approximately 19.5% of the total student population, and over 25% of the total school budget is devoted specifically to their needs.

Special education enrollment has been growing faster than total enrollment, and the special education portion of the budget has grown correspondingly. A significant contributor to the growth in the special education budget is the number and salary structure of the special education aides who support Newton's students with special needs. The growth in the number of aides is due to fact that more students with severe needs who require the assistance of an aide are entering the system than exiting. Thus, in recent years there has been a net increase in the number of aides in the system. In addition, under the current contract with the Newton Teachers' Association, aides' salaries are growing at approximately 8.6%, with little or no "turnover savings" resulting from retirement of aides at higher steps.²² Aides are also entitled to benefits and benefits have been another significant driver of Newton Public Schools' overall expenses. Other contributors to special education cost growth are transportation costs, out-of-district tuition, and contracted services.

Because special education services are legally mandated, it is not entirely within the control of Newton Public Schools to decide how much of its budget to spend on special education services in any given year. For example, if a student is identified with special education needs during the school year, Newton Public Schools must address those needs and would have to pay for the cost of services for this student even though the funding had not been set aside in the budget process. Costs for special education services, depending on severity of need, can range from \$2,000 to \$250,000 per student. In a time of relatively static or limited budget growth, mandated special education costs may

²² The salary structure of aides and its impact on the budget is discussed more fully in Appendix A.

continue to take up a larger portion of the Newton Public Schools budget, with the result that other parts of the school budget must be reduced.

The special education laws are grounded on student and parental rights and on the principle that separate is not equal. School districts are obligated to provide a “free and appropriate” education in the “least restrictive environment” based on the student’s individual needs. Thus, it is not simply a matter of a school system deciding to “hold the line” on its special education services. Legally, Newton Public Schools must provide appropriate services to its students with special needs. However, the means by which those services are delivered are not mandated (although they are regulated). As such, in analyzing special education programming, the issues are ones of efficacy and efficiency (just as in general education): how do we most effectively and efficiently meet the individualized needs of our students with special learning needs?

During the course of its work, the Citizen Advisory Group heard repeatedly that Newton provides a very good, if not excellent, education to its students with special needs, just as it does for its general education students. Nevertheless, the Citizen Advisory Group identified the following issues as worthy of further examination:

1. The efficacy and fiscal sustainability of the Neighborhood Inclusion model;
2. The lack of agreed-upon metrics to measure outcomes of programs and services;
3. The absence of a consistent and easily understandable summary of special education costs and revenues (presented in a way that allows easy analysis of growth trends, etc.);
4. A lack of transparency about the special education programs and services provided within Newton Public Schools;
5. A lack of public understanding about special education generally – what it is, the diversity of the special needs population and profiles, the legal mandates under which services are provided, and the individualized nature of each student’s educational plan.

In view of this, the Citizen Advisory Group recommends that the Newton Public Schools:

1. Conduct an outside evaluation to determine how well and how efficiently special education services are delivered (this analysis would address whether Newton Public Schools can deliver as good or better services with the same or fewer dollars),²³ this type of evaluation is needed on a periodic basis, perhaps every ten years;
2. Establish its own set of metrics to measure the effectiveness of its special education programs. The Citizen Advisory Group suggests Newton Public

²³ The Citizen Advisory Group understands that the School Committee has recently committed to such a study. The Citizen Advisory Group believes that defining the scope of the study and the expected deliverables will be paramount in ensuring an instructive report with actionable recommendations is produced.

- Schools work with the Special Education PAC to establish these metrics and that it involve special education parents, educators, and administrators;
3. Capture and report systematically special education costs and revenues in a more “reader friendly” manner;
 4. Partner with the Special Education PAC to continually evaluate and improve upon programs and practices; these efforts should not be focused on compliance issues, but rather on substantive issues of quality and the delivery of services;
 5. Improve communication, transparency and public understanding of Newton’s special education programs by continuing to work with the Special Education PAC.

II. Current Status

A. Legal Framework

Newton is mandated under the Individuals with Disabilities Education Act (IDEA), the Americans with Disabilities Act (ADA), and state law to provide special education services to eligible students from age 3 to 22.²⁴ Eligibility is determined through a formal evaluation that the school district must provide free of charge. To be eligible for special education, (a) the student must have a disability, (b) the disability must prevent the student from progressing effectively in general education, and (c) the student must require specially designed instruction or related services in order to access the general curriculum.

In general, the laws mandating special education services are based on parental and student rights and are grounded in six basic principles. Three of them are foundational principles: parent and student participation, appropriate evaluation, and procedural safeguards. The other three principles drive the implementation of special education services and are worthy of elaboration.

²⁴ Students may also receive accommodation and related services under the Americans with Disabilities Act (ADA) and Section 504 of the federal Rehabilitation Act, respectively. Technically, students who only have 504 plans are not entitled to special education services; their accommodations and related services may be provided by general education or special education staff as part of a general education initiative. Therefore, these students and the costs associated with their accommodations and related services are not accounted for in the special education budget.

- Free and Appropriate Public Education (FAPE)
 - Services must be sufficient to enable the child to progress in education and to achieve the goals of the individualized education program
 - School districts must provide preschool, elementary and secondary education through age twenty-two (22), including access to extra-curricular and non-academic school activities
 - The curriculum should be the standard general education curriculum, and must be modified based on the individual student's needs

- Individualized Education Program (IEP)
 - An individualized education program (IEP) and services must be developed for each child and must identify specific, measurable goals which can be reached in a year's time

- Least Restrictive Environment
 - To the maximum extent appropriate, students with disabilities have the right to be educated in the classroom they would have attended if they did not have disabilities
 - A student may not be removed from the general education classroom solely because of needed curriculum modification; such removal should occur only if the nature or severity of the disability is such that education in the general education classes with the use of supplementary aides and services can not be satisfactorily achieved.

Special education is provided through an Individualized Education Program (IEP). Each student's special education services must be developed by a "team" that includes the student's teachers, parents, specialists, school psychologist, principal and special education administrators (the IEP team). The laws give rights to parents and students, and procedural safeguards are mandated to ensure those rights are not violated.

The Least Restrictive Environment (LRE) requirement of the special education laws mandates that students with disabilities be educated with their non-disabled peers to the maximum extent appropriate based on the student's needs. The IEP team must choose the least restrictive environment in which to educate the student based on the services the student is receiving. Generally, this means that the student should attend the school he or she would attend if he or she were non-disabled, unless the IEP team determines that the nature of the student's disability would not allow that student to make satisfactory educational progress in that environment. To that end, the IEP team must consider whether supplementary aides and services would make it possible for the student to be educated in the general education setting. The determination must be made based on the student's *individual* needs. The model of educating students with special needs alongside their non-disabled peers is referred to as "inclusion."

It is important to note that federal and state laws require that the curriculum be delivered to students with special needs by a teacher certified in both the subject area and in special education. Often, those will be different people. For instance, at the middle school or high school level, a special education teacher will need to work with a certified math teacher to modify the curriculum for the students, unless that math teacher is also certified in special education or the special education teacher is certified in math. Further, students may only be placed in a classroom together if they are forty-eight months or less apart in age.

B. Newton's Special Education Programming

To be responsive to the individual needs of students, and to comply with state and federal laws, Newton's special education programming takes many forms and occurs in many locations. Special education services are delivered in the elementary, middle, and high schools, as well as through the Newton Early Childhood Preschool Program (NECP) which provides services to eligible 3-5 year olds. Students whose needs cannot be met by the Newton Public Schools are placed in out-of-district schools as appropriate.

As required, the Newton Public Schools follow an inclusive model for educating students with disabilities. The majority of Newton's students with special needs are educated in their neighborhood schools and in general education classrooms. Depending on the individual's needs, the student may receive in-class support from a specialist, or may leave the classroom for a short period to attend a support class or session (sometimes referred to as "pull-out" services). Some students require a 1:1 aide plus specialist support.

There are situations when a student's needs are best met in a setting other than the general education classroom, but still within the Newton Public Schools. In those instances, students are "clustered" with other students from across the City with similar needs and are educated together in one location. The Newton Public Schools endeavor to provide inclusion opportunities for these classrooms where appropriate. For instance, a substantially separate elementary school classroom may join a general education classroom for art, music, PE and lunch.

A brief description of Newton's special education programs follows.

Pre-School

Programs for 3 and 4 year olds with special needs are provided at the Education Center and at Lincoln-Eliot Elementary School. The Pre-School enrolls children with special education needs who receive services for free (as mandated by the law), and also serves children who do not have special needs on a private-pay basis. There are approximately 200 students enrolled in the Pre-School, approximately 145 of which are receiving special education services.

Learning Centers

School-based Learning Centers help children who spend the majority or all of their time in their general education classrooms, but require some additional or modified instruction in various areas. Special education teachers provide services either in the classrooms or through “pull-out” time during the week. All twenty-one (21) schools in Newton have a Learning Center and special education teachers.

Neighborhood Inclusion Program

The Neighborhood Inclusion Program provides support to children with moderate to severe disabilities who are fully included in their neighborhood schools. There are minimal pull-out services, as all special education services are delivered in the regular context of the classroom, usually with the assistance of an aide. The program depends heavily on appropriate curriculum modification based on individual student needs. All twenty-one (21) schools in Newton have a Neighborhood Inclusion Program.

Integrated Classrooms

Integrated classrooms are ones in which students with a defined learning disability are grouped with their non-disabled peers and the class is staffed with a full-time general education teacher and a full-time special education teacher (as well as other specialists on a part-time basis as appropriate). At least 51% of the students in integrated classrooms are non-disabled, and 49% or fewer are students with disabilities. These are City-wide programs, so the classrooms include children from other than the neighborhood school that houses the program.

Substantially Separate Classrooms

These are classrooms for children who spend most of their week in a classroom taught by a special educator. A substantially separate classroom may be appropriate for students who need intensive or very specialized assistance or instruction.

Out-of-District Placement

Students whose needs cannot be met within the Newton Public Schools system are educated by schools outside of the district. There are both day school and residential placements. In FY08, there were 124 children enrolled in out-of-district schools and programs (representing 1.07% of total Newton Public Schools enrollment, and 5.51% of special education enrollment).

Home or Hospital

When students are unable to attend school for ten (10) consecutive days, the Newton Public Schools must provide a tutor to give them private instruction. This population of students fluctuates, but represents a relatively small number of Newton’s students.

C. Philosophy and Choices

While the requirement to provide special education services is established by law, the exact means of delivering the services is not. However, Newton has proudly embraced its obligations under state and federal special education mandates and has programming

designed to meet the letter and the intent of the special education laws. As discussed above, to the extent feasible, Newton strives to educate its students with special needs in-district, integrating them as much as possible within the general education classrooms in keeping with the Least Restrictive Environment requirement. The Newton Public Schools Guide to Special Education Programs provides this explanation of the Newton Public Schools' inclusion philosophy:

Inclusion is a belief that everyone belongs and everyone benefits. The educational model challenges schools to meet the needs of all students by educating learners with disabilities alongside their non-disabled peers. Inclusion is based on a belief that all children can learn together in the same schools and classrooms with appropriate supports. Genuine friendships develop when each child is appreciated for his or her unique gifts....

The mission of the schools is to maximize the potential and independence of each student. An inclusive education helps prepare students with disabilities for an integrated adult life and builds understanding and acceptance within the broader community....

This educational model presents the schools with an opportunity to eliminate the barriers between children with disabilities and their non-disabled peers.

Students with special needs represent a broad spectrum of disabilities. Many students require support in only certain areas and only a couple times a week. Some students only require services or modifications during part of their education (e.g. during elementary school); others will require support throughout their time in school. Many students with disabilities are gifted learners and go on to achieve great academic success. It is widely accepted that early intervention can often prevent more severe complications later in a student's academic career, and identification and support for children in pre-school and elementary school were cited as essential and cost-effective.

The Newton Public Schools considers that inclusive special education programming benefits all students. The belief is that being exposed to and working alongside students who learn differently and face a variety of different challenges better prepares all of our students for the broader community they will meet upon graduating from high school. It also fosters respect for and understanding of human differences. Finally, several teachers and administrators commented that Newton's extensive inclusion programming was part of what attracted them to and keeps them working in Newton.

Not all school systems have as extensive a range of special education programming as Newton. In January of 2008, the Pupil Services department in the Newton Public Schools inquired into how some of our neighboring communities were delivering special education services. The models varied from relying more on substantially separate classrooms to hiring special education teachers to act as one-on-one aides. Factors that may affect a community's special education programming include the size of the community, the needs of its students, its commitment to compliance with special

education laws, educational philosophy and educational leadership. There does not appear to be a “most common” approach to special education across communities in Massachusetts. Because Newton is a relatively large district and because of its commitment to educating students in-district, Newton has chosen to develop a broad spectrum of delivery models – from Neighborhood Inclusion to Integrated Classrooms to substantially separate classrooms. Many smaller systems might not be able to support the breadth of programming that Newton has, or may choose to send more children out of district or to do more clustering.

D. Costs and Demographics

1. The Data

The Newton Public Schools maintain excellent detailed records and analysis of its special education expenses. An example is the monthly report presented to the School Committee that tracks current year aides, tuitions, contracted services and measures these against the current year budget. In addition, the Newton Public Schools budget book contains a three-year analysis of costs. The district also performs various trending analyses as requested by the administration and School Committee from time to time.

Nevertheless, analyzing Newton Public Schools’ special education costs comes with some unique challenges. Some of the challenges stem from the fact that data is captured and reported in different places for different purposes, and often with different costs included or excluded. For instance, in the Newton Public Schools budget, all of the guidance counselors’, social workers’ and school psychologists’ time is allocated to the special education cost center, even though these professionals serve both special needs and general education students.²⁵ However, no ‘overhead’ allocation of general education system costs is captured in the special education cost center. Thus, arguably, the current reporting of special education costs may overstate some expenses while understating others. Another source of some confusion can be the reporting of state and federal grants and reimbursements (sometimes referred to as “revenues”) that Newton Public Schools receives to offset some of its special education costs. Generally, the budget presents special education costs net of these revenues, but some other reports may present numbers gross of revenues. Further complicating the analysis are reports generated by the Massachusetts Department of Education (DOE), which contain different cost allocations based on the DOE’s own methodology.

None of this reporting is “wrong” or misrepresents costs, but it makes detailed analysis of the Newton Public Schools’ special education costs a bit tricky. It is necessary to spend time with the Newton Public Schools finance staff in order to understand whether the data is “apples to apples.” For purposes of this report, the Citizen Advisory Group used the Newton Public Schools budget numbers (except when noted otherwise) and referenced whether the numbers are gross or net of reimbursements.

²⁵ However, in the 10 Year Trends in the NPS budget, guidance counselors are not captured in the special education cost center.

2. Enrollment and Cost Trends

Special education enrollment and costs are growing at a faster rate than general education enrollment and costs. In 1998, approximately 15% of Newton’s students received special education services. In 2008, that number rose to approximately 20%, representing a 41% increase. The CAGR (Compound Annual Growth Rate) for total enrollment from 1998 to 2008 was 0.55%, while the CAGRs for special education and general education enrollments for the same period were approximately 3.01% and 0.04% respectively.

Table 1: Total Special Education Enrollment (1998-2008)

	SPED enroll.- In District	SPED enroll.- Out of District	Total SPED enroll.	Total SPED enroll. change from previous year	Total district enroll.	% of SPED enroll. relative to total enroll.
FY 98	1,535	137	1,672		10,944	15.28%
FY 99	1,630	146	1,776	104	11,166	15.91%
FY 00	1,644	126	1,770	-6	11,248	15.74%
FY 01	1,576	153	1,729	-41	11,246	15.37%
FY 02	1,702	143	1,845	116	11,250	16.40%
FY 03	1,803	124	1,927	82	11,276	17.09%
FY 04	1,975	134	2,109	182	11,267	18.72%
FY 05	2,094	126	2,220	111	11,268	19.70%
FY 06	2,185	122	2,307	87	11,415	20.21%
FY 07	2,112	119	2,231	-76	11,501	19.40%
FY 08	2,126	124	2,250	19	11,556	19.47%

CAGR 98-08: 3.01%

Total SPED enrollment increase 98-07: 34.57%

Source: Newton Public Schools

In addition, as the special education population has grown faster than overall enrollment, the special education portion of the Newton Public Schools budget has also grown at a faster rate than the overall budget. In 1998, 18.9% of the Newton Public Schools budget went to meet the needs of students with special needs. By 2008, 26.9% of the budget was allocated to special education costs, representing an increase of over 150% since 1998. The CAGR for total school costs from 1998 to 2008 was 5.99%, while the CAGRs for special education and general education costs for the same period were approximately 9.84% and 4.88% respectively.

(Note: when looking at the cost of special education, we have taken into account gross costs, not including grants and other reimbursements that the Newton Public Schools have been able to access. See the explanation below on Circuit Breaker reimbursements for Out-of-District tuitions.)

Table 2: Total Special Education Cost (1998-2008)

	SPED Cost - In District	SPED Cost – Out-of-District	Total SPED Cost	Total SPED Cost - Change from Previous Year	Total School Cost	% of SPED Cost relative to Total Cost
FY 98	\$12,858,457	\$3,752,209	\$16,610,666		\$88,117,283	18.85%
FY 99	\$14,773,650	\$3,802,632	\$18,576,282	\$1,965,616	\$96,946,993	19.16%
FY 00	\$16,630,521	\$3,948,730	\$20,579,251	\$2,002,969	\$101,561,577	20.26%
FY 01	\$19,034,635	\$4,632,504	\$23,667,139	\$3,087,888	\$108,595,958	21.79%
FY 02	\$20,308,232	\$4,992,268	\$25,300,500	\$1,633,361	\$113,323,738	22.33%
FY 03	\$22,575,155	\$4,958,122	\$27,533,277	\$2,232,777	\$124,289,844	22.15%
FY 04	\$23,052,596	\$6,512,233	\$29,564,829	\$2,031,552	\$128,465,671	23.01%
FY 05	\$24,721,072	\$7,139,603	\$31,860,675	\$2,295,846	\$134,532,211	23.68%
FY 06	\$26,252,160	\$7,309,794	\$33,561,954	\$1,701,279	\$140,016,301	23.97%
FY 07	\$31,169,377	\$6,570,364	\$37,739,741	\$4,177,787	\$146,195,893	25.81%
FY 08	\$34,323,134	\$8,131,340	\$42,454,474	\$4,714,733	\$157,642,982	26.93%

Total SPED costs do not include credits/debits deriving from grants and reimbursements
 Growth 1998-2008 155.59%
 CAGR 98-08 9.84%
 Source: Newton Public Schools

3. Benchmarking

Because every school district designs its own special education programs and staffing structure, it is important to be cautious when comparing district programs. In order to fully “benchmark” Newton’s special education costs to another community, it is essential to understand the diversity of the population, the means by which special education is delivered in the other community, and how they have structured and titled their special education personnel. Nevertheless, it is possible to look at overall cost trends across districts by referring to data collected by the Department of Education each year.²⁶

While it only looked at 2007, the Citizen Advisory Group’s benchmarking study (which drew on DOE data) indicated that the percentage of students receiving special education

²⁶ Note that while the DOE requires consistent reporting, there is no way to know how accurate other districts are in reporting their costs. Nevertheless, it is the best data available for benchmarking across communities in the Commonwealth.

services and special education spending in Newton is about average for communities with a similar commitment to educational excellence. Newton has a higher percentage of pupils enrolled in special education (18.8% of the total student body) compared to 16.7% for communities with a similar commitment to education. However, the Newton Public Schools allocate only slightly more of the total school budget to special education (21.8% in Newton versus an average of 20.5%).

**Table 3: Benchmarking:
Newton vs. Communities with Similar
Commitment to Education**

	Special Education enrollment as a % of Total School Enrollment	Special Education Budget as % of Total School Budget
Newton	18.8	21.8
Brookline	18.3	21.9
Concord-Carlisle	15.6	23.2
Lexington	16.4	23.1
Lincoln-Sudbury	14.7	19.3
Wayland	18.3	15.2
Wellesley	15.9	25.3
Weston	14.9	13.0

MA DOE FY07

Source: Citizen Advisory Group Benchmarking study

4. Changes in Demographics and Staffing Needs

Over the past five years, the number and needs of Newton’s students with special needs have changed in a significant way. Newton has witnessed a rise in the number of students on the autism spectrum, as well as the number of students with communication, health, and neurological issues. These students require a wide range of significant services including occupational therapy, physical therapy, Applied Behavior Analysis support, and speech and language services. Students with these diagnoses also most typically require aide support.

According to Newton Public Schools, *“not only is the population of students within particular disability categories growing, but many children within these categories have*

demonstrated a greater degree of need. It is no surprise that students with greater levels of need require more individualized and specialized support... ”²⁷

The table below shows information from 2003 to 2008 for the total number of students with a disability and each category.

Table 4: Newton Special Education Disabilities (2003-2008)

Primary Disability	2003	2004	2005	2006	2007	2008	Increase 03-08
Autism	94	113	119	139	161	185	96.81%
Communication	169	201	230	275	254	262	55.03%
Dev. Delay	216	234	231	236	227	222	2.78%
Emotional	178	176	191	174	170	161	-9.55%
Health	134	158	179	211	220	236	76.12%
Intellectual	51	54	52	52	50	45	-11.76%
Multiple Disabilities	32	31	30	30	32	32	0.00%
Neurological	58	59	67	71	88	113	94.83%
Physical	12	13	20	20	16	13	8.33%
Sensory/Deaf Blind	2	1	1	3	2	2	0.00%
Sensory/Hearing	16	18	18	18	16	15	-6.25%
Sensory/Vision	5	5	8	9	7	6	20.00%
Specific Learning	1151	1158	1121	1078	1006	995	-13.55%
None Specified						2	
Grand Total	2118	2221	2267	2316	2249	2289	8.07%

Source: Newton Public Schools 1/09

Note: The total number of students on this table does not tie to the total SPED enrollment table for the following reasons: students may have been classified with more than one disability and thus be listed more than one time in the count; not all students may be listed on the Primary Disability chart; and the numbers on the Primary Disability chart are not as of October 1st of any given year and thus are a snapshot from a different point in time.

The table illustrates growth from 2003 to 2008 in several categories that are indicative of more severe disabilities: Autism (91 students), Communication (93 students), Health (102 students) and Neurological (55 students). Students with Autism present with a three-fold set of needs in communication, social/behavioral interaction, and learning. An aide (either shared or individualized) is often employed to provide support to these students. Students with Health and Neurological disabilities often require the support of many staff members including assistants, nursing supports, occupational and physical therapy supports, psychological and behavioral specialists, etc.

²⁷ Special Education information provided to the School Committee in January, 2008

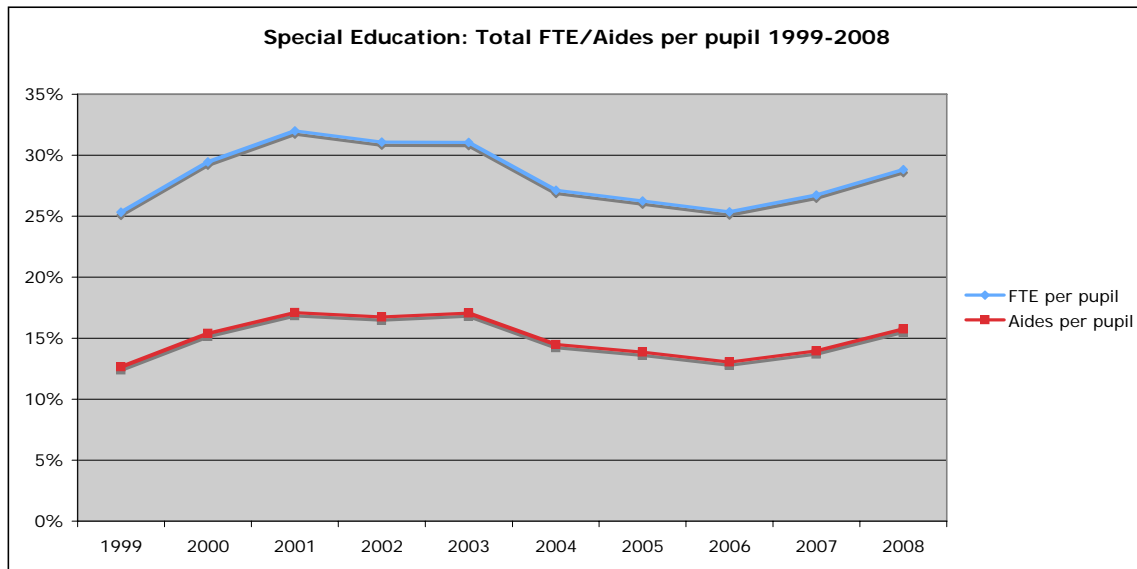
According to the Newton Public Schools, more students who require the support of an aide are entering the school system than leaving each year. In FY08 and FY09 special education had aide headcounts increase by 14% and 9% respectively. The following table shows projected transition data on students who are expected to enter and exit the school district who's IEPs require aides.

Table 5: Transition Data (2009)

Incoming to Elementary Schools September 2009	Exiting High School June 2009
30 students: 6 require BT, 7 require 1:1 and 17 require shared aide support	2 students: 1 Aged Out with a 1:1 aide and one student sharing aide support

The ratios of FTE/Pupil (full time equivalent positions allocated to special needs pupils) and special education Aides/Pupil have increased in recent years. In 2001, the ratios of FTE/pupil and Aides/pupil had increased approximately 4-6% from 1999 levels, and the Newton Public Schools made an effort to reduce the number of aides in the system. By 2006, the numbers were closer to 1999 levels. However, given the needs of the students who have entered the system over the past five years, those ratios have risen again (although not to the levels they had reached in 2001).

Chart 1: Total FTEs and Aides per Pupil (1999 – 2008)



Source: Newton Public Schools. This table does not include students in out-of-district placements, but does include pre-school pupils. The assumption here is that students in out-of-district placements are not the primary driver in the growth in the Newton Public Schools special education employees. FTEs and Aides represent FTEs and Aides whose services are allocated specifically to students with special needs.

Not only is the number of aides in the system growing, the type of aide required has

shifted over the past five years. Approximately three years ago, in response to the increasing complexity and needs of its special education population, the Newton Public Schools created a second category of aides, known as Aide Specialists. These are aides with an advanced skill set or training, and they are paid on a higher salary scale. The Aide Specialist category was created because the Newton Public Schools were struggling to attract aides with the skills needed to service the more complex needs of the current special education population. As discussed more fully in the Budget and Compensation Analysis section of this report, the growth in aide salaries is one of the main cost drivers in the special education budget, growing at approximately 8.6% year over year.

5. Out-of-District Placement Costs

When Newton cannot address the needs of its students with special needs within the district itself, those students are placed in out-of-district schools and programs. Out-of-district (OOD) placements are quite costly, ranging from \$27,000 to \$250,000 per student annually. From 1998 to 2008, OOD costs grew at a CAGR of approximately 8%, and at a CAGR of about 10% from 2003-2008.

Table 6: Total Out-of-District Costs (1998 - 2008)

1998	\$3,752,209
1999	\$3,802,632
2000	\$3,948,730
2001	\$4,632,504
2002	\$4,992,268
2003	\$4,958,122
2004	\$6,512,233
2005	\$7,139,603
2006	\$7,309,794
2007	\$6,570,364
2008	\$8,131,340

CAGR 1998-2008: 8.04%
 CAGR 2003-2008: 10.40%
 Source: Newton Public
 Schools

Starting in 2004, Massachusetts began reimbursing local school districts up to 75% of the OOD tuition costs that exceed approximately \$35,000. This reimbursement mechanism is referred to as the “Circuit Breaker” program. The numbers in this table are shown gross of any Circuit Breaker reimbursements. It is anticipated that Circuit Breaker reimbursements will decrease as a result of the current fiscal crisis. For FY09, the Newton Public Schools are budgeting Circuit Breaker reimbursement of approximately 60% instead of 75%.

The table below illustrates the history Newton's of Circuit Breaker reimbursements from their inception in 2004 through 2008.

Table 7: Out-of-District Tuition and Circuit Breaker Reimbursements (FY04 – FY09)

	FY04	FY05	FY06	FY07	FY08*	FY 09
Out of District Tuition	\$5,803,524	\$4,803,017	\$5,127,730	\$4,324,157	\$5,565,938	\$6,497,578
Plus Circuit Breaker	\$708,709	\$2,336,586	\$2,182,064	\$2,246,207	\$2,565,402	\$2,839,600
Total Out-of-District Tuition	\$6,512,233	\$7,139,603	\$7,309,794	\$6,570,364	\$8,131,340	\$9,337,178

* FY08 Out-of-District Tuition is budget, not actual.

Source: Newton Public Schools

In FY08, there were 124 students (or about 5.5% of the special education population) in out-of-district placement. The majority of these students are in middle and high school, with only 9 at the elementary school level. The percentage of students in OOD placements relative to total school enrollment has remained relatively constant over the past decade. However, as a percentage of the special education population, OOD students have decreased.

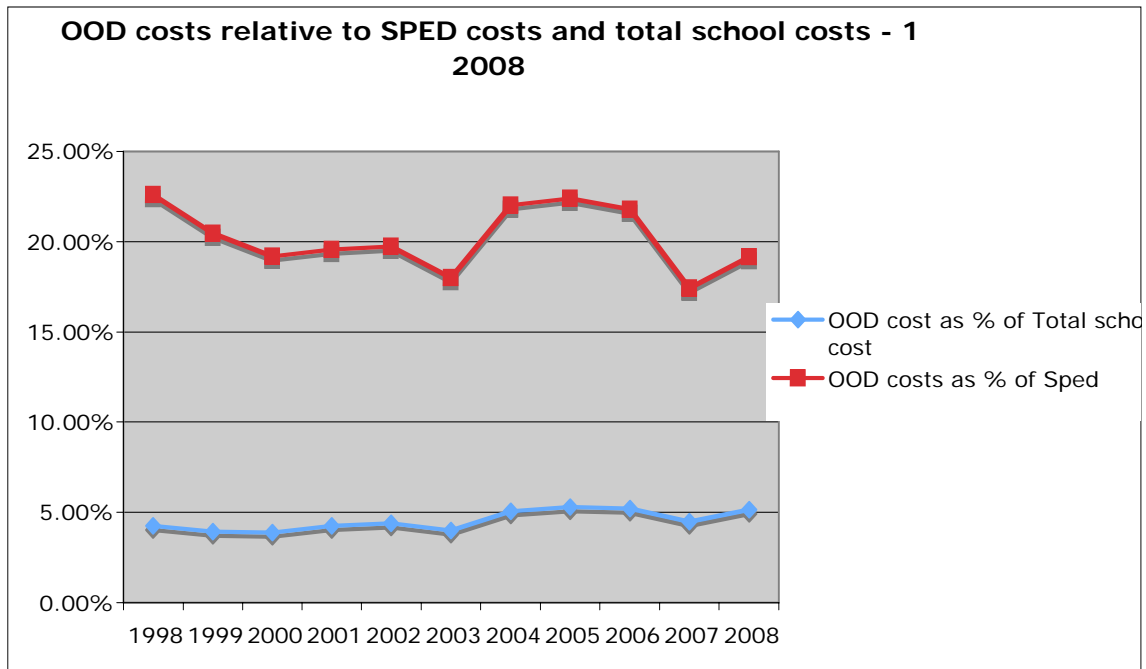
Table 8: Out-of-District Population (FY98 – FY08)

	# OOD students	Total SPED	OOD as % SPED	Total NPS	OOD as % Total NPS
FY 98	137	1672	8.19%	10944	1.25%
FY 99	146	1776	8.22%	11166	1.31%
FY 00	126	1770	7.12%	11248	1.12%
FY 01	153	1729	8.85%	11246	1.36%
FY 02	143	1845	7.75%	11250	1.27%
FY 03	124	1927	6.43%	11276	1.10%
FY 04	134	2109	6.35%	11267	1.19%
FY 05	126	2220	5.68%	11268	1.12%
FY 06	122	2307	5.29%	11415	1.07%
FY 07	119	2231	5.33%	11501	1.03%
FY 08	124	2250	5.51%	11556	1.07%

Source: Newton Public Schools

As a result of the Newton Public Schools' commitment to educate as many students with special needs as possible within district, the Newton Public Schools have maintained its relative OOD costs (not accounting for the Circuit Breaker reimbursements) at between 4% and 5% of the total school budget even though tuitions were rising during that same period. Also, as a percentage of the special education budget, OOD costs have dropped from 23% to 19% in the same time period.

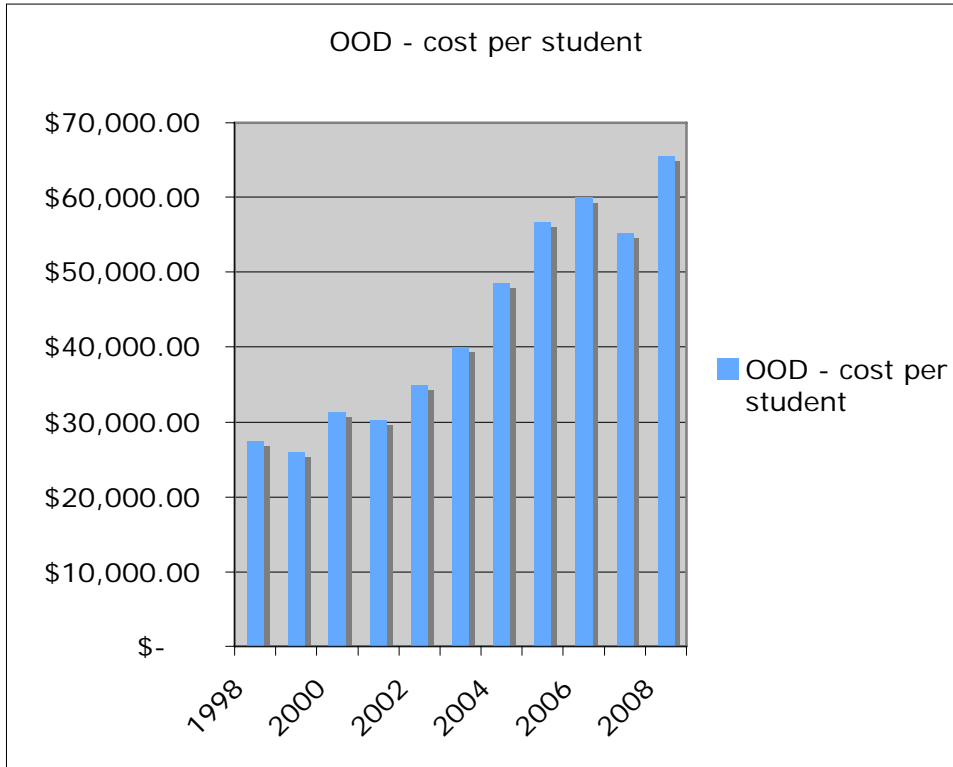
Chart 2: Out-of-District Costs relative to SPED Costs and Total School Costs (1998 – 2008)



Source: NPS data collected from 2008 and 2009 budget, as well as a recent NPS update to those numbers.

The costs of out-of-district placements have increased steadily during the past ten years from an average per pupil cost of a little over \$27,000 in 1998 to over \$65,000 in 2008. However, from 1998-2008, actual OOD costs (net of Circuit Breaker reimbursements) increased just 40%, while total school costs increased 76%. Thus, it appears that the Newton Public Schools’ efforts to educate more students in-district have helped contain the OOD costs in the budget. (It is important to bear in mind, however, that one OOD placement alone might cost up to \$250,000 per year, thus average numbers can be skewed upwards or downwards as a result of only a few significantly expensive placements.)

Chart 3: Out-of-District Cost per Student (1998 – 2008)



As illustrated by the table below, Newton’s out-of-district tuitions are somewhat lower as a percentage of total school costs when compared with OOD costs of five neighboring communities. Newton’s OOD costs are 5% of the total school budget, while Weston has the lowest OOD costs at 2.5% and Watertown has the highest at 11%.

Table 9: Out of District Costs - Benchmarked (FY04 - FY07)

	FY04		FY05		FY06		FY07	
	Total OOD Tuition	% of Total NPS cost	Total OOD Tuition	% of Total NPS cost	Total OOD Tuition	% of Total NPS cost	Total OOD Tuition	% of Total NPS cost
Newton	\$5,137,633	4%	\$6,825,517	5%	\$6,370,129	5%	\$7,211,553	5%
Brookline	\$3,968,968	7%	\$4,085,349	7%	\$4,710,110	8%	\$4,528,614	7%
Waltham	\$3,013,960	6%	\$4,025,537	8%	\$3,751,168	7%	\$3,825,487	7%
Belmont	\$2,367,237	8%	\$1,785,687	6%	\$2,069,653	6%	\$2,124,798	6%
Watertown	\$1,770,258	7%	\$2,357,216	9%	\$3,115,656	11%	\$3,169,443	11%
Weston	\$688,841	3%	\$615,126	3%	\$586,070	2%	\$633,852	2%

Source: Newton Public Schools, October 2008

Note: These figures are reported gross of Circuit Breaker funds.

6. Transportation

The Newton Public Schools are required to transport its out-of-district students to their schools, as well as provide in-district transportation for students who cannot walk or use the standard bus service, or who are clustered in a school outside of their neighborhood school.

From 2004 to 2008, special education transportation costs increased by approximately 48%, with a CAGR of over 10%. Total transportation for the district has experienced a CAGR of less than 3% for the same period.

Table 10: Special Education Transportation Costs (2004 – 2008)

	SPED Transportation Costs	Change from Previous Year
FY 04	\$1,650,181	
FY 05	\$1,896,474	\$246,293
FY 06	\$1,988,331	\$91,857
FY 07	\$2,117,222	\$128,891
FY 08	\$2,453,594	\$336,372

Source: Newton Public Schools

While these expenses represent a relatively small portion of the total special education budget (approximately 5-6%), this is another element that is contributing to special education costs rising faster than the overall school budget.

7. Contracted Services

Another area of special education costs that is growing faster than the overall school budget is Contracted Services. There are situations and students that sometimes require specialized expertise not possessed in the Newton Public Schools or more effectively delivered by outside service providers. When this arises, the Newton Public Schools engage outside professionals to provide the necessary services. Examples of these services are mandated independent outside evaluations, bilingual evaluations, training and consultation services for specific needs, nursing care for medically fragile students, and psychiatric evaluations.

From 2004-2008, contracted services expenses increased approximately 40%, with a CAGR of 8.75% for the same period. During this time, contracted services have consistently comprised approximately 1% of the total school budget, and between 4-5%

of the special education budget.

8. Grants and Medicaid Reimbursements

Newton receives state and federal grants and a Medicaid reimbursement for certain special education costs. The significant grants are the federal IDEA grant, and the state Circuit Breaker grant. The Medicaid reimbursement is a relatively small amount of money. An overview of the grants and reimbursements is contained in Appendix A.

III. Issues

Overall Pressure on Budget

Municipalities across Massachusetts, and indeed across the country, are struggling with the growing costs of compliance with the extensive federal and state special education mandates. Newton's special education budget faces many of the same pressures as surrounding school districts, with increases in the numbers and complexity of disabilities of students with special needs, the FTEs required to support them, and out-of-district tuition and transportation costs exceeding the 3-3.5% increase the City experiences in revenue growth annually.

Because special education services are specifically mandated, it is not entirely within the control of Newton Public Schools to decide how much money to spend on special education services. Since the school system's ability to limit special education services is significantly constrained by the legal foundation of special education services and given the current growth Newton (along with other communities) is experiencing in its special education population, it is reasonable to assume that in a time of relatively static or limited budget growth, special education costs will continue to grow at a faster rate than the overall school budget, requiring reductions in resources in other parts of the system.

Observations on Special Education in Newton

During the course of its work, the Citizen Advisory Group heard differing views on Newton's special education services. Some of the observations went to the substance of the programming, and some went to the costs and management of the programming. The views were expressed by parents, special education providers, elected officials, school administrators, and interested citizens. Many opposing opinions were presented. Because the Citizen Advisory Group's fact gathering process was somewhat anecdotal in nature,²⁸ it is important to recognize that there are likely other opinions that are not

²⁸ The Citizen Advisory Group conducted interviews with special education personnel from the Newton Public Schools, the Special Education PAC leadership, and some School Committee members. In addition, the Citizen Advisory Group spoke with people who contacted us directly, and with some people we knew or who were referred to us. The "methodology" for selecting the people we spoke with was not scientific, yet we did reach out to a broad spectrum of interested parties.

represented here. However, several themes emerged, and we summarize below the most significant ones.

Financial and Management Issues

1. “The Neighborhood Inclusion Model is not Fiscally Sustainable”

When the Neighborhood Inclusion model was designed, it not only allowed students with special needs to attend their local schools with their peers, it also was relatively cost-effective. Aides are paid much less than special education teachers, and having one inclusion facilitator work with the aides to deliver the curriculum was more cost effective than having a full special education teacher for each grade (or 2 grades) per school. In addition, transportation costs are less when students attend their neighborhood schools.

As discussed above, the Newton Public Schools are experiencing growth in the number of aides it must employ under the Neighborhood Inclusion model, as more children requiring aides are entering the system than exiting. The growth in the number of aides, combined with the current salary scale that grows at 8.6%, indicates that the Neighborhood Inclusion model, as currently constructed, is not fiscally sustainable if the Newton Public Schools’ budget is growing at 4.3%.²⁹ (See Appendix A for a more detailed analysis of compensation costs and their impact on the overall budget.)

In January 2008, the Newton Public Schools modeled the cost of creating substantially separate classrooms in each elementary school to determine if clustering children within their schools would reduce costs (by reducing the number of aides). The modeling showed that in 13 of the 14 elementary schools, clustering students into a substantially separate classroom would have been approximately \$582,000 more expensive. The analysis did not model the costs of clustering the students across the City or by villages as this “would not only pose a further regression for any inclusive practice, but would add transportation costs.” (As noted above, special education transportation costs grew at a CAGR of 10% from 2004-2008.) Note, too, that space constraints may make the creation of substantially separate classrooms infeasible.

Substantially separate classrooms may also not be desirable or appropriate from an academic standpoint. Because each child’s needs are unique and can vary widely (even within a “common” or “like” disability), there may not be an appropriate grouping at a certain grade level to support substantially separate classrooms that would meet the students’ academic needs. The Newton Public Schools are working on modeling and documenting the viability of more integrated classrooms. The Citizen Advisory Group applauds this effort and encourages the Newton Public Schools to make its analysis available to the public.

²⁹ 4.3% is the rate of growth the Newton Public Schools budget experienced from 2004-2008.

2. “Newton Provides Too Many Special Education Services”

Newton is generally viewed as being a leader in providing excellent special education services. Some in our community believe we are spending too much money on special education or providing services to too many students. The proponents of these positions sometimes assert that the Newton Public Schools give parents of students with special needs whatever they want. It was asserted that some parents push for any and all services that the district provides, even when their children are not entirely in need of such services.

As noted above, in order to be eligible for special education services, students must undergo a formal evaluation and meet certain criteria. Therefore, the eligibility of a student for services is determined under legal principles after specific evaluations and observations have been conducted. Further, the Newton Public Schools assert that, when appropriate, the district uses mediation to resolve disputes over the eligibility for or appropriateness of services that are being sought.

In further contrast to the view that the Newton Public Schools give special education parents everything they ask for, the Citizen Advisory Group, through its due diligence, heard many stories of families who feel frustrated that their children’s needs are not being met. Some of these parents think there is a significant gap between Newton’s reputation and the reality of its special education services. There are families in Newton who find the process of obtaining special education services to be a struggle, even when they believe the child is clearly entitled to the services. Some parents feel the district throws up road blocks, tries to do the minimum, and will not offer anything the parents do not specifically ask for. In addition, several people pointed out that there exists a population of parents who are not well equipped to advocate for their children at all, either because of language, financial, or time barriers.

Based on our discussions and interviews, the Citizen Advisory Group could not detect a clear and consistent pattern with regards to this issue. What is clear is that the perception that the Newton Public Schools provides too many special education services is not universally shared and many stakeholders (including parents of the direct recipients of the services) have varied perspectives.

Another observation by some parents was that it can be very difficult to find out what programs and services are available, what processes are in place for working with the Newton Public Schools, and to whom they should go for assistance. Parents noted a lack of easily accessible information regarding specialized programs and the personnel structure (who plays what role and to whom should they address their questions).

Some who think Newton is spending too much money on special education suggested that the Newton Public Schools should bring its special education services down to the “mandated” level. The Citizen Advisory Group is not clear how one would determine what the mandated level is. As described earlier in this report, the special education laws require that school districts provide students with special needs the same educational

opportunities as it provides to students without special needs. Further, the laws require individualized plans based on each child's individualized needs.

In response to the suggestion of reducing special education services to the mandated level, one parent replied: "Even if we could determine what mandated levels were, would we lower our services? Would we ever suggest that we not deliver an excellent education to students in general education? If not, why would we suggest so for our children with special needs?" The Citizen Advisory Group believes that this is not just a question of financial concerns and legal requirements, but also a values question for the community.

3. "We Do not Measure Results"

One theme the Citizen Advisory Group heard repeatedly was that the Newton Public Schools do not have agreed-upon metrics to measure the effectiveness of its special education programs. As such, it is hard to judge if the programming is producing the best possible results and if the money is being well spent. Measuring results of a special education program poses particular difficulties, as each student's challenges are unique. However, each student's IEP contains criteria to measure the student's progress over a twelve month period. An assessment of how frequently those criteria are met may be a useful tool for measuring the effectiveness of the services. In addition, the Citizen Advisory Group believes it is possible to develop other *qualitative* criteria to help judge the progress and development of programs and services. Some possible ways to measure outcomes might be (1) parent satisfaction, (2) the number of students who move off of IEPs or who need fewer services with time, (3) whether the student has become a better problem solver, (4) whether the student has become a better self-advocate, and (5) the use of "best practices" in the delivery of special education services.

4. "We do not Measure our Costs"

Some comments were made that the Newton Public Schools does not track or measure the costs of special education programs. The Newton Public Schools does capture and provide detailed reporting on its special education costs, but, as noted above, the data is not captured in a consistent way that is understandable to the public or that makes analyzing trends easy. The result is that many incorrect conclusions are drawn about how the Newton Public Schools manage and spend its special education dollars and the true drivers of special education costs.

Qualitative Issues

1. Case Loads of Inclusion Facilitators

Newton's Neighborhood Inclusion model relies on having an aide available to a student to help the student gain access to the curriculum and programming provided by the school. The model is highly dependent on the expertise of Inclusion Facilitators, teachers who have been trained in special education. Inclusion Facilitators hire and train aides,

modify the curriculum for each child, work with the aides and the general education teacher to deliver the curriculum to the student, coordinate with parents and specialists, ensure the IEP is being implemented and that all paperwork is in compliance with regulations, etc. When the neighborhood inclusion model was established, it was designed for Inclusion Facilitators who had caseloads of four (4) to six (6) students; today, the Inclusion Facilitators are managing caseloads of twelve (12) to eighteen (18).

Concern was expressed by both the Newton Public Schools personnel and parents that the Inclusion Facilitators can not possibly be effective for all of their students when case loads are this heavy. The result is that some children are left adrift in an environment that is more demanding than they can handle. One parent said it this way: While a trained special education teacher can help a learning-disabled kid learn, someone without that training is more likely to help a kid get the correct answer in order to “keep pace.” Concern was also expressed that the Inclusion Facilitators are “burning out” and turning over relatively quickly which can be very disruptive for the students, the aides, the teachers, and the family.

The Citizen Advisory Group understands that Newton Public Schools is undertaking an analysis of Inclusion Facilitators’ case loads. The Citizen Advisory Group supports this effort and encourages the Newton Public Schools to make the results of the analysis readily available to the public.

2. How well is Neighborhood Inclusion Serving our Students with Special Needs?

Newton’s current population of students with special needs has a different profile of disabilities and needs than did the special education population when the neighborhood inclusion model was created. Some have questioned whether this model is serving some of the population well. Specifically, some parents and educators have questioned whether some (not all) of the students on the autism spectrum would be better served in a setting with more specialized instruction by more highly trained staff. Some expressed disappointment with the skills, training and supervision of the aides assigned to support their children (this comment was not confined to parents of autistic children).

A few parents raised the concern that Neighborhood Inclusion is not appropriate for many students, but that these students sometimes have to fail repeatedly in the general education classroom setting before another option is considered. Sometimes, children are placed in classrooms where they do not/cannot receive adequate support, and only after the student endures tremendous stress and multiple failures is another setting is considered. In the interim, the disability may be compounded by academic failure and social isolation, and sometimes anxiety and depression.

Another observation was that Neighborhood Inclusion results in having specialists and aides scattered across the City, making it harder for them to collaborate and share

strategies, resources, etc.³⁰ It was also noted that parents with children who were not well served in the Neighborhood Inclusion model struggled with being able to move beyond the school-based team to consider alternative service models. Several said they found it difficult to gain access to expertise that lay outside the local school.

Many parents, however, are very satisfied with the Neighborhood Inclusion model and believe it is serving their children well. Several of these parents noted that it is of paramount importance to bear in mind that students with special needs represent a full spectrum of needs. Some children will thrive in and contribute meaningfully to a general education classroom, while others may be less well served in that setting. Therefore, there is not a “one size fits all” solution to the provision of special education services and the Citizen Advisory Group cautions against simply concluding that Neighborhood Inclusion as an entire program is flawed.

The Newton Parent Advisory Council for Special Education (PAC) conducted a Parent Survey in collaboration with the Newton Public Schools Student Services Department to better understand the experiences and perceptions of parents whose children received special education services from the Newton Public Schools during the 2007-2008 school year. The survey questions were selected by the PAC to correspond largely with areas reviewed by the Coordinated Program Review (CPR) of the Massachusetts Department of Elementary and Secondary Education, and to measure overall satisfaction with special education programs as well as with specific services and communication. Open response questions were included so that parents had the opportunity to share concerns not addressed in the survey questions. The Citizen Advisory Group applauds this collaborative survey by the Special Education PAC and the Newton Public Schools and encourages both parties to make the results of the survey public when the data has been analyzed and compiled.

3. Physical Plant Considerations

Another consideration that must not be overlooked in thinking about the delivery of special education services is the limited space we have in many schools. Currently, some special education services are delivered to children in hallways, alcoves, under the stairs and sometimes even in closets. Not only is this a less than ideal educational setting, the laws require that students with special needs be educated in settings that are equivalent to those of the general education students. The DOE cited Newton on this issue in its most recent audit. It was also noted by some parents that having the Preschool program split between two buildings negatively impacts the service delivery in the program.

³⁰ Some identified a collateral cost of the school-based programming in the lack of centralized purchasing and cataloging of materials. Apparently, the district has purchased multiple licenses of the same software but has not always obtained volume discounts as the orders were all placed independently of each other. Another example is that instructional materials are not catalogued centrally, so often the staff does not know what materials are available at other schools. A purchasing manager was hired by NPS in January, 2008, so it is possible these issues are being rectified.

4. “Inclusion Provides Collateral Benefits to the Classroom”

It was noted several times that in addition to the social benefits and awareness that general education students gain by being educated alongside their disabled peers, the general education students benefit in other ways too. The inclusion model often results in having another adult in the classroom for a large portion of each day. There are many classrooms across Newton that benefit from having an aide in the room who can attend not just to his or her “assigned” special needs student, but also can provide general support to the entire class. Providing a second pair of eyes and hands in a room will often result in more feedback and support to all students in the room, not just to the students with special needs. At the elementary school level in particular, this was cited by many as a benefit to the entire class. In addition, all students benefit from having the general education teachers trained in differentiated instruction and teaching techniques.

IV. Recommendations³¹

1. Outside Evaluation: The Citizen Advisory Group recommends that Newton Public Schools engage an outside specialist to evaluate the Newton Public Schools’ current special education programming. The Citizen Advisory Group recommends that the evaluation focus on the following questions:

- How well is the Newton Public Schools’ approach to special education serving the needs of its students with special needs? How does the Newton Public Schools determine the level of quality of its programming and how does the Newton Public Schools set its goals for the level of quality it wants to achieve? How do the aides contribute to or detract from the quality of services delivered?
- Is Newton’s current service delivery model cost effective? Are there ways to streamline or improve upon the current model with the same or fewer dollars? Are there ways to restructure aides’ compensation to bring the growth more in line with realistic budget growth?
- What are the costs and benefits of creating more substantially separate or integrated classrooms? Would separate or integrated settings with fewer but more highly trained staff provide better services with the same or fewer dollars?
- What opportunities are there for improvement and innovation? Could technology play a role in improving results for children and reducing costs?

³¹ In addition to the major recommendations in the body of the report, the Citizen Advisory Group recommends that Newton Public Schools consider:

- Cataloguing all materials and software currently held in the system and making the catalogue available to all special education personnel.
- Centralizing purchasing of materials and software programs to avoid duplication and obtain volume discounts where available. It is possible the purchasing manager who was hired in January 2008 has already addressed some of the purchasing issues.
- Consider adopting an “opt-out” policy for Medicaid reimbursement claims (see Appendix A to this report for detail on Medicaid reimbursements).

It is further recommended that Newton Public Schools consider conducting this type of evaluation every 5-10 years.

2. Establish Own Metrics

Newton Public Schools should establish its own set of metrics to measure the effectiveness of its special education programs. In establishing those benchmarks, the Citizen Advisory Group suggests the Newton Public Schools work with the Special Education PAC and involve special education parents, educators, and administrators.

3. Create Framework for Capturing and Reporting Costs

The Newton Public Schools should develop a consistent way of capturing and reporting annual costs and revenues and report that data in a reader-friendly format. Such a system would enable the year to year trends to be readily analyzed. The Citizen Advisory Group believes developing such a methodology would assist in advancing public understanding and appreciation of the special education services the Newton Public Schools provides.

4. Partner with Special Education PAC to Evaluate Programs and Practices

The Citizen Advisory Group recommends that the Newton Public Schools partner with the Special Education PAC to continually evaluate and improve upon programs and practices. These efforts should not be focused on compliance issues, but rather on substantive issues of quality, the delivery of services and areas for innovation and improvement, and collaboration across the district. (The recent survey that the Special Education PAC and Newton Public Schools conducted together is an example of such collaboration.) The Citizen Advisory Group recommends that the Special Education PAC participate in designing and reviewing the outside evaluation described in Recommendation 1.

5. Improve Transparency, Communication and Public Understanding of Special Education System and Programs

Given the complexity of special education laws and services, and the confusion evident among some special education parents and some of the public about Newton's programming, the Citizen Advisory Group recommends that the Newton Public Schools continue to partner with the Special Education PAC to improve communication, transparency and public understanding of Newton's special education programs.

Specifically, Newton Public Schools should:

- Work to improve the public understanding of special education including the legal basis for services and the breadth of services that must be provided;
- Develop more comprehensive explanations of the Newton Public Schools special education programs, processes and personnel so that parents can more readily understand and navigate through the system;

- Provide more detail in the Handbook to Special Education on which programs serve which disabilities and what services are available
- Continue to update the organizational chart of special education personnel (down to the school level), with a brief description of the responsibilities of each position
- Provide a chart explaining to whom questions should be addressed
- Provide a summary of the process of evaluating and reviewing the need for special education services

Appendix A – Special Education Grants and Reimbursements

Newton receives state and federal grants and a Medicaid reimbursement for certain special education costs. While grant amounts are earmarked for special education and are reflected in the Newton Public Schools budget, smaller reimbursements under Medicaid are received by the City's general fund and need to be re-appropriated to Newton Public Schools by the City.

IDEA Grant

IEPs are partially funded by federal and state contributions. The main contribution comes from the special education IDEA (Special Education – Individuals with Disabilities Education Improvement Act) grant, which in 2008 amounted to \$2.7 million. The grant, closely aligned with the No Child Left Behind act, is designed to ensure accountability and excellence in education for children with disabilities. The special education IDEA grant is a federal grant which is passed to the district through the State and is based on the number of children that meet the criteria of the grant.

METCO Grant

Until 2003, when it was discontinued, Newton Public Schools also received a specific supplement to the METCO grant to support students with special needs that participate in METCO. (In 2003 the supplement amounted to \$108,363).

Circuit Breaker Grant

The Circuit Breaker line within State grants refers to a reimbursement that Newton Public Schools receives from the State for children who are placed out of district. Once Newton Public Schools has incurred costs equal to four times the state foundation formula (approximately \$30,000) for a student's special education services, the State reimburses 75% of the remaining costs (72% right away and the remaining 3% at the end of the year if the state has enough funds – which has always been the case so far). Prior to 2004, the State paid only 35% of the costs of out of district placements.

Appendix Table 1: Circuit Breaker History (FY04 - FY08)

	FY04	FY05	FY06	FY07	FY08
Circuit Breaker Funds Received					
Current Year Circuit Breaker*	\$1,480,772	\$2,828,431	\$2,715,290	\$2,811,308	\$2,906,161
Additional 3%	\$0	\$124,774	\$113,141	\$117,140	\$121,092
Total Circuit Breaker Received	\$1,480,772	\$2,953,205	\$2,828,431	\$2,928,448	\$3,027,253
Carry Forward from Prior Year	\$0	\$0	\$124,774	\$293,000	\$317,241
Total Circuit Breaker Funds Available	\$1,480,772	\$2,953,205	\$2,953,205	\$3,221,448	\$3,344,494
Use of Circuit Breaker Funds					
Special Education Out-of-District Tuition	\$823,875	\$2,350,290	\$2,182,064	\$2,246,207	\$2,565,402
Special Education Aides Salaries	\$656,897	\$478,141	\$478,141	\$568,000	\$568,000
Special Education Contracted Services		\$0	\$0	\$90,000	\$90,000
Total Circuit Breaker Uses	\$1,480,772	\$2,828,431	\$2,660,205	\$2,904,207	\$3,223,402
Carry Forward to Next Year	\$0	\$124,774	\$293,000	\$317,241	\$121,092

*Circuit Breaker was funded at 35% of eligible costs in FY04 and at 72% in FY05 through FY08, with an additional 3% for a total of 75% funding

Source: NPS November 2008

Other Grants

Smaller grants are also available for more specific purposes. Below is a chart of all grants received for FYs 2006-2008 directed at special education.

SPED Grants 06-08		FY06			FY07			FY08		
Type of Grant	Grant Name	SPED	% SPED	SPED Amount	Percent	SPED Amount	Percent	SPED Amount	Percent	
DIRECT	2008 COUNSELING									
FEDERAL	GRANT	SPED	19%			71,941		71,941	19%	
DIRECT	2006 INTERFACE									
FEDERAL	GRANT	SPED	19%	37,657	19%	18,829	19%			
DIRECT										
FEDERAL	2007 PEP GRANT	SPED	10%			44,783	10%	36,059	10%	
DIRECT	SMALLER LEARNING									
FEDERAL	COMM	SPED	19%	39,609	19%	45,525	19%			
DIRECT	TEACHING									
FEDERAL	AMERICAN HISTORY	SPED	19%	62,279	19%	69,377	19%			
total direct federal				139,545	19%	178,514	16%	108,000	15%	
FEDERAL	MENTAL HEALTH	SPED	100%	18,000	100%					
FEDERAL	PERKINS OCC ED	SPED	19%	13,986	19%	14,201	19%	16,274	19%	
	NON TRADITIONAL									
FEDERAL	BY GENDER	SPED	19%	1,899	19%					
	SECONDARY									
FEDERAL	READING	SPED	19%	11,381	19%	8,550	19%	6,080	19%	
FEDERAL	SPED AUTISTIC	SPED	100%	75,000	100%					
	'08 SPED CORRVCV									
FEDERAL	ACTION	SPED	100%			8,500		8,500	100%	
	SPED EARLY									
FEDERAL	CHILDHOOD	SPED	100%	74,210	100%	74,738	100%	74,344	100%	
FEDERAL	SPED ELECT PORTFL	SPED	100%	1,500	100%					
FEDERAL	SPED IDEA	SPED	100%	2,671,727	100%	2,697,304	100%	2,730,593	100%	
FEDERAL	SPED INDUCTION	SPED	100%	20,000	100%	120,633	100%	69,589	100%	

	SPED PROGRAM									
FEDERAL	REVIEW	SPED	100%							
FEDERAL	TITLE IIA	SPED	19%	50,347	19%	49,598	19%	6,000	100%	6,000
FEDERAL	TITLE IV	SPED	19%	7,933	19%	8,236	19%	7,155	19%	7,155
total federal				2,945,983	89%	2,979,260	90%	2,969,381	90%	2,969,381
	'08 ACADEMIC SUPPT									
STATE	GRANT	SPED	19%					3,713	19%	3,713
STATE	CIRCUIT BREAKER	SPED	100%	2,660,205	100%	2,904,207	100%	3,223,401	100%	3,223,401
	INCL CONC ENRL									
STATE	PTSP	SPED	100%			129,138	100%	180,000	100%	180,000
	KINDERGARTEN									
STATE	GRANT	SPED	19%	75,311	19%	72,823	19%	74,091	19%	74,091
STATE	MASS REHAB	SPED	100%	86,000	100%	99,000	100%	100,190	100%	100,190
total state				2,821,516	90%	3,205,168	91%	3,581,395	92%	3,581,395
PRIVATE	CCBD GIFTS	SPED	100%					500	100%	500
PRIVATE	CSCF-UNSPECIFIED	SPED	50%					2,500	50%	2,500
total private								3,000	55%	3,000

Source NPS November 2008

Note: as some of the grants are directed to the entire school population, % special education refers to the amount of the grant that goes specifically to special education.

Medicaid Reimbursements

As part of a Federal program, some of the services provided in the IEP designed for children whose families are eligible for Medicaid can be reimbursable by Medicaid. Filing for these reimbursements happens quarterly, but reimbursements are not necessarily received immediately, therefore there are often large swings across quarters. The amounts received are approximately \$250K per year. The funds are reimbursed directly to the City, and Newton Public Schools must ask the City to re-appropriate the money to the Newton Public Schools budget.³²

Obtaining the Medicaid reimbursements is dependent on two things: ensuring paperwork is completed and filed (including documentation of employees' time attributable to the design and implementation of the IEPs), and parental permission to file the claims. The office for Pupil Services (special education) administers the process (although Budget and Finance collaborate), while a unit at UMass Medical School prepares the claims under a contract with the school district. The paperwork is not an insignificant undertaking.

Currently, Newton has an "opt-in" policy with regard to parental permission to participate in the reimbursements; claims can be filed only if parents give signed permission. Studies that have looked at this issue indicate that communities where parents are asked to opt-out of the process (as opposed to opt-in like in Newton) are able to make greater use of this opportunity.

³² This is similar to what happens with E-rate reimbursements, which return federal money to the schools and libraries for technology use. E-reimbursements are also small, about \$50K per year of which about \$2K goes to pay a consultant who applies for the reimbursement. Like Medicaid reimbursements, these funds go back to the City, therefore NPS and the libraries have to ask the City to re-appropriate the funds.

C. METCO Report

I. Executive Summary

The Citizen Advisory Group was given three mandates: to develop new or enhanced sources of funding, to improve the City's operational efficiency and effectiveness, and to define choices about municipal and educational service levels. The analysis of METCO falls squarely into the category of defining choices about educational service levels and also raises issues relating to efficiency and effectiveness. We undertook this review of METCO while recognizing the long-held commitment of Newton Public Schools to diversity and to the METCO program as well as the increasing financial pressure on the School Department's operating budget. Any number of programs could have been reviewed in depth (e.g., high school athletics, the arts, the choice of student centered middle schools versus subject centered Junior Highs, or Career and Technical Education); METCO was chosen as an area many people wanted to understand better, with particular questions about how it is funded.

The benefits conferred by METCO on Newton's school system seem clear to the Citizen Advisory Group. METCO provides both Newton and Boston students an important education in diversity. Without exception, the Citizen Advisory Group found the teachers and the administration in the Newton Public Schools completely committed to the METCO program. The METCO program serves as an important and long standing marker of what Newton stands for as a city. As such, this program represents value choices as well as resource commitments made by the Newton community over many years.

What is harder to measure, however, are the claims that METCO places on school resources. Like many of the choices made by the Newton Public Schools, METCO comes with a price tag. While there are a number of different ways to analyze financially the METCO program, the analysis the Citizen Advisory Group finds most compelling shows it is essentially break even. Participating in METCO involves not only possible financial outlays but also increases in class size (a hot button issue in Newton, like most communities) and teacher load.

METCO is a voluntary program in two senses. African American, Latino, Asian and Native American children from Boston or Springfield voluntarily attend suburban schools and 32 suburban school districts voluntarily welcome the Boston students into their school systems. With 415 students (plus or minus 5%), Newton has the largest METCO enrollment in Massachusetts in absolute numbers. As a percentage of METCO students relative to total school population, Newton stands sixth among the ten communities that enroll the largest number of METCO students. METCO students account for 3.5% of Newton's total enrollment.

Newton's goals for the METCO program include:

- Providing the opportunity for participating students from Boston to learn together in an integrated public school setting with students from racially isolated suburban schools.
- Increasing the diversity and reducing the racial isolation in Newton so that the students from different backgrounds can learn from each other in meaningful ways.
- Providing closer understanding and cooperation between urban and suburban parents and other citizens in the Boston metropolitan area.

Newton has had a long term policy of admitting METCO students only in Kindergarten, 1st or 2nd grades. Working with the elementary school principals, the Director of METCO assigns METCO students to specific schools based on existing and projected class size, siblings that already attend that school, low number of METCO students at that particular elementary school (thus that school is a candidate for more METCO children), and the strong preference for not isolating one METCO child in a grade at a school by himself/herself.

As Newton's METCO materials note, "The Newton METCO Program is comprised of a diverse group of students from broad ethnic, cultural, economic, and religious backgrounds with a range of educational strengths and needs." Seventy-nine percent of the METCO students are African-American, 14% Latino and 7% Asian. With the METCO students, the diversity of the Newton school system changes somewhat. Notably, METCO doubles the number (and percentage) of African American students in the Newton Public Schools. Socioeconomically, the majority of METCO students are from middle and/or high income families. While METCO does not include severely disabled special education students that need placement outside of Newton, METCO includes students with a range of educational strengths and needs and does include non-severely disabled children with special education needs. Newton's METCO program has a higher percentage of students with special education needs relative to the resident Newton student population (37% in 2007 for METCO compared to 17% for Newton as a whole, including the METCO students).

Massachusetts provides a grant to suburban school districts that participate in METCO. The direct METCO costs for staff and expenses are considerably lower than the state grant. Therefore, METCO in effect provides revenues to the Newton Public Schools General Fund. For sake of clarity, we call these revenues the "METCO Credit to Instruction." For both FY2008 and FY2009, the METCO Credit to Instruction came to approximately \$939,000 or \$2,318 per METCO student.

A financial analysis of METCO addresses only one of the considerations pertaining to its sustainability, perhaps the least important one. Yet this analysis has the virtue of reopening a discussion of community values and priorities as we work our way through increasingly difficult economic times. The most compelling financial analysis in the eyes of the Citizen Advisory Group looks at incremental costs. This analysis shows a financial

cost to Newton of \$990,934 compared to the METCO Credit to Instruction of \$939,000. **In essence, the incremental cost analysis shows a *small cost to Newton of approximately \$50,000 in total for participating in METCO.*** When compared to the schools' estimated 2009 budget of \$160 million, participating in METCO could be viewed as a "no cost" or relatively "minimal cost" vehicle for achieving broad social and educational goals that are fully embraced by the community. In other words, Newton Public Schools provides and participates in a wide range of programs to meet its mission of educating, preparing, and inspiring students to achieve their full potential as lifelong learners, thinkers, and productive contributors. As one way to achieve these goals, Newton Public Schools voluntarily participates in METCO. The school system has a financial incentive to do so in the form of a grant from Massachusetts. The financial analysis shows the METCO program essentially breaks even.

Just like other non-mandated programs, Newton Public Schools should periodically review in depth METCO: its purpose and measurable benefits and costs. Therefore, the Citizen Advisory Group recommends that the School Committee and Newton Public Schools analyze and discuss openly the following types of questions:

- How can Newton best achieve its educational goals for diversity and what is METCO's role in this?
- How can Newton Public Schools measure – qualitatively and quantitatively – the learning impact of having a more diverse school community by virtue of participating in METCO?
- Is METCO achieving its full potential? Are there ways to increase its effectiveness?
- If, based on a set of assumptions, METCO costs the Newton Public Schools more than what is received in METCO grant funding, are the social and educational benefits sufficient to retain the program at its current level, a lower level, or at all?
- Will even more resources from Newton be required in the future to maintain the current scale of METCO's operations and Newton's position as a leader in multi-cultural education?
- If the state reduced or eliminated funding for METCO, would Newton Public Schools keep the program?
- Can Newton, perhaps in concert with other cities and towns, press the state to provide more funding to METCO?
- Should the scale of the METCO program be reduced and will this ensure or undermine Newton's continued leadership in multi-cultural education?

- If class sizes continue to rise in the future, how should this be factored into the analysis of METCO?
- Should some portion of the commitment to METCO be reallocated to other pressing needs within the school system?

While these are difficult questions both to discuss and to answer thoughtfully, the Citizen Advisory Group recommends that Newton Public Schools periodically (perhaps every five years) examine in depth the impact of METCO (e.g., educational, social, financial, class size, teacher load), its level of participation, and the quality and effectiveness of this longstanding program. This has not been done historically in an open and periodic manner. The Citizen Advisory Group also recommends that Newton Public Schools annually or biennially publish in depth data about METCO, perhaps similar to what is found in this report. Just as the School Committee thinks deeply about a wide range of choices (e.g., class size, professional development, curriculum) so too should METCO be discussed openly and regularly to see if the investments provide the kind of return we hope in actualizing Newton's commitment to diversity.

II. Overview

METCO (Metropolitan Council for Educational Opportunity) grew out of the desire of parents in Boston in the early 1960s to send their children to suburban schools (a form of voluntary busing). Newton was one of seven school systems that participated in METCO the year it began, 1966.³³ METCO is a voluntary program and operates only in Massachusetts. Currently, there are about 3,300 students participating in 32 school districts in metropolitan Boston and in four school districts outside Springfield. Because of lack of funding from the Commonwealth, no new communities have been permitted to join the METCO program since 1975.

When started in 1966, only African American students could participate. METCO now includes African American, Latino, Asian and Native American children from Boston or Springfield. The placement process begins with parents registering their child at METCO. The waitlist often extends to five years. (The program's waiting list currently exceeds 15,500 and continues to grow. There are many students for every grade level awaiting placement, with approximately 600 placed annually.) When seats become available, METCO refers students on a first-come, first-served basis, based on the date the child registered with METCO. When parents register a child with METCO, they do not get to choose which suburban school they want the child to attend. The school districts also do not get to choose which students are assigned to them. Rather, the school district tells METCO the number of students they would like by grade and METCO assigns them the students. (Siblings do get priority.) Newton can only reject students based on severe disabilities that require out-of-district placement. (Newton's Director of

³³ Arlington, Braintree, Brookline, Lexington, Lincoln and Wellesley were the other six founding communities. In its first year, Newton began with 50 African American students in grades three through six attending seven different schools.

METCO has only had one child assigned to Newton in eleven years who fell in that category and, therefore, was not admitted).

Once accepted into the Newton Public Schools, new METCO students and their parents go through an extensive process. Students are assessed academically; parents are interviewed; and both students and parents attend mandatory workshops and orientations. On joining the Newton METCO program, the METCO student has the same rights, privileges and services of a Newton resident student, provided they meet the expectations of the Newton Public Schools. For example, METCO families are expected to attend two parent-teacher conferences, back-to-school events, and four of six Newton METCO Parents' Council meetings.

Newton's goals for the METCO program focus on increasing diversity and reducing racial isolation. More specifically, they include:

- Providing the opportunity for participating students from Boston to learn together in an integrated public school setting with students from racially isolated suburban schools.
- Increasing the diversity and reducing the racial isolation in Newton so that the students from different backgrounds can learn from each other in meaningful ways.
- Providing closer understanding and cooperation between urban and suburban parents and other citizens in the Boston metropolitan area.

Without exception, the Citizen Advisory Group found the teachers and the administration in the Newton Public Schools completely committed to the METCO program. They talked passionately about the positive impact METCO has on both Newton and Boston students. While there are many ways the Newton Public Schools reflects its commitment to diversity and respect for human differences, a June 2007 Coordinated Program Review of Newton Public Schools by the Massachusetts Department of Education noted:

Staff at all levels exhibit a strong commitment to diversity. The district's "Respect for Human Differences" mantra was heard and seen repeatedly by the team in interviews and in documentation of policies and practices.

III. METCO Students

With 415 students from Boston (plus or minus 5%), Newton has the largest METCO enrollment in Massachusetts in absolute terms. Newton has had this enrollment of approximately 415 students for at least the last decade. More specifically, in FY2008, Newton had 405 METCO students and this year, FY2009, there are 423. In FY2008, Brookline had the second largest METCO program with 292 students and Lexington had the third largest with 260 students.

But, when looking at the METCO enrollment as a percent of total enrollment, Newton falls in the top ten list from first place to sixth as METCO students account for 3.46% of Newton's total student enrollment. (Weston has the highest percentage at 6.83%.)

**Table 1: METCO Enrollment
Ten Largest Enrollments by City/Town (10/07)**

City/Town	METCO Enrollment*	Total Enrollment**	METCO Enrollment as a % of Total Enrollment	Ranking of METCO Enrollment as a % of Total Enrollment
Newton	405	11,700	3.46%	6
Brookline	292	6,168	4.73%	3
Lexington	260	6,253	4.16%	5
Weston	165	2,416	6.83%	1
Wellesley	156	4,765	3.27%	7
Belmont	120	3,759	3.19%	9
Needham	145	5,013	2.89%	10
Wayland	129	2,820	4.57%	4
Melrose	116	3,579	3.24%	8
Concord	103	1,831	5.63%	2

Source: *FY2009 METCO Grant Program: Grant Allotment Summary

** Massachusetts Department of Elementary and Secondary Education, 2007-2008

**Table 2: METCO Enrollment in
Newton Public Schools (2004-2009)**

FY2003-04	418
FY2004-05	415
FY2005-06	419
FY2006-07	416
FY2007-08	405
FY2008-09	423

Source: Newton Public Schools

As Newton’s METCO materials note, “The Newton METCO Program is comprised of a diverse group of students from broad ethnic, cultural, economic, and religious backgrounds with a range of educational strengths and needs.”³⁴ The pattern of racial/ethnic diversity of Newton’s METCO students has stayed relatively stable over the years. In 2008, it consisted of:

Table 3: Racial Diversity of Newton METCO Students (2008)

African-American	79%	(328 students)
Asian	7%	(29 students)
Latino	14%	(58 students)

Source: Newton Public Schools

The population of Newton as a city is 2% African American, 7.7% Asian, 2.5% Hispanic, and 88% white. Therefore, with the METCO students, the diversity of the Newton school system changes somewhat. Notably, METCO doubles the number (and percentage) of African American students in the Newton Public Schools. Nonetheless, African American students are still a small percentage of the total student body. With the METCO program, African American students increase from 2.1% of Newton’s student body to 4.8%.

**Table 4: Enrollment by Race/Ethnicity (2007- 08)
Newton Public Schools**

RACE	% OF TOTAL STUDENTS*	# OF TOTAL STUDENTS*	# OF METCO STUDENTS	TOTAL # WITHOUT METCO STUDENTS	TOTAL % WITHOUT METCO STUDENTS
African American	4.8%	561	328	233	2.1%
Asian	13.6%	1591	29	1562	13.8%
Hispanic/Latino	6.5%	760	58	702	6.2%
Native American	0.1%	11	0	11	0.1%
Other	4.3%	503	0	503	4.4%
White	70.7%	8306	0	8306	73.4%

Source: Massachusetts Department of Revenue

³⁴ Overview of the Newton METCO Program, 8/27/07.

According to the Director of METCO, the students from Boston require courage, tenacity, time and energy, a willingness to deal with the logistics, and the ability to span two very different racial worlds and sometimes socioeconomic worlds. Very occasionally a METCO student is counseled to leave the Newton Public Schools. It usually occurs in the middle or high school when a child is simply not thriving. With close supervision from the METCO staff, Newton can help a student along the way so it happens infrequently. By adding a second counselor at the high school level recently, Newton's METCO program has been able to give the METCO students additional support. (There is now one counselor per high school each with a caseload of 60 METCO students.)

Each of the 32 school districts that participate in METCO decides for itself how many METCO students it wants and in what grades. Newton has had a long term policy of admitting METCO students only in Kindergarten, 1st or 2nd grades. (Occasionally, Newton admits a 3rd grader.) Newton believes the child and his/her family integrate more successfully, socially and educationally, by starting at an early age. Newton's goal is to have always 415 METCO students in the school system. Therefore, Newton "replaces" the number that graduate each year with younger children. Since Newton occasionally has slippage just before the school year begins or in the first few weeks of school, these students have to be "replaced" the following year as well. (For example, in 2007-08, Newton expected to have 415 METCO students but ended up with only 405 METCO students. So, Newton needed to add 10 students plus the graduates to reach its goal of 415 this year.) The number of METCO students by grade in the Newton Public Schools in 2008-2009 ranges from 24 to 50 with the average being 33.

The Director of METCO works with the fifteen principals of the elementary schools to see how many seats are available in Kindergarten, First or Second grades based on projected class sizes and the current number of METCO students already in that grade. In particular, principals look for classrooms that will have fewer than 25 students in the following year. The Director then assigns METCO students to specific schools based on existing and projected class size, siblings that already attend that school, low number of METCO students at that particular elementary school (thus that school is a candidate for more METCO children), and the strong preference for not isolating one METCO child in a grade at a school by himself/herself. (These students are called "isolates.") (NOTE: There are 13 isolates in the elementary schools at the moment out of 211 METCO elementary school students.)³⁵ Because of enduring space constraints at some schools, METCO students are not evenly spread across the elementary schools. (For example, in FY09, Countryside has the fewest METCO students, 2, while Memorial-Spaulding has the most, 24; fourteen of the fifteen elementary schools have more than ten METCO students; the four middle schools each have from 20 to 29; the two high schools have 60 and 62).

³⁵ Newton does not appear to track non-white Newton residents to minimize Newton "isolates" but only tracks METCO "isolates."

Table 5: METCO Enrollment 2008-09 by School and Grade

School	Grade						Spec. Ed.*	Total
	K	1	2	3	4	5		
Angier	0	5	3	3	0	2	0	13
Bowen	0	3	3	1	3	1	0	11
Burr	0	2	2	3	5	3	0	15
Cabot	2	4	0	2	1	4	0	13
Countryside	0	0	0	0	0	2	0	2
Franklin	2	2	2	1	6	2	2	17
Horace Mann	3	4	0	3	0	0	0	10
Lincoln-Eliot	3	8	4	0	5	3	0	23
Mason-Rice	0	3	0	1	4	2	0	10
Memorial-Spaulding	4	5	4	4	4	3	0	24
Peirce	0	5	2	2	1	4	0	14
Underwood	5	2	1	3	2	2	0	15
Ward	3	0	2	1	4	1	0	11
Williams	0	2	4	2	2	1	0	11
Zervas	2	5	3	3	1	4	0	18
Total Elementary	24	50	30	29	38	34	2	207
				6	7	8	Spec. Ed.*	Total
Bigelow				5	8	8	0	21
Brown				9	11	9	0	29
Day				9	10	5	0	24
Oak Hill				5	9	6	0	20
Total Middle				28	38	28	0	94
			9	10	11	12	Spec. Ed.*	Total
North High			17	13	17	12	3	62
South High			14	13	13	20	0	60
Total High			31	26	30	32	3	122
Grand Total								423

*Students who receive special education services outside the regular classroom for a significant amount of time.

When class sizes increase in Newton as they did this year, there tends to be more discussion about METCO and the number of METCO students. This year, budget constraints led to an increase in the number of elementary school classrooms with 25 or more students from 15 to 47 of the 250 classrooms, representing 18.8% of the classrooms. (Last year, only 5.5% of the classrooms had 25 or more students.) However, at least in their first year in the Newton school system, METCO students are placed only in classrooms where there is availability. Availability is defined as an elementary class size lower than 25. The percent of classes with 25 students or more in the middle and high schools also increased in FY2009 and now stand at 14.1% and 27.9% respectively.

Table 6: Percent of Classes with 25 or More Students and with Fewer than 20 Students 2004-05 through 2008-09

	25 Students or More					Fewer Than 20 Students				
	2004-05	2005-06	2006-07	2007-08	2008-09	2004-05	2005-06	2006-07	2007-08	2008-09
Elementary	3.7%	9.6%	8.0%	5.5%	18.8%	36.5%	38.3%	23.5%	42.4%	16.0%
Middle	15.4%	10.1%	17.5%	7.5%	14.1%	20.7%	24.9%	19.1%	29.2%	25.2%
High	29.7%	29.0%	22.9%	21.0%	27.9%	29.2%	26.7%	31.3%	29.4%	29.5%

Source: Newton Public Schools; Annual Class Size Report, January 2009.

Using subsidized or free lunches as a proxy for income, the majority of METCO students are from middle and/or high income families. In 2006-2007, the most recent year for which these data are readily available, 145 of the METCO students (out of the 416) or 35% qualified free or reduced meals. However, the number might be low in that some METCO students, especially in the middle and high schools, might have been eligible for free or reduced meals but might not have taken the forms home for parents to fill out and/or felt stigmatized by participating in the program and therefore avoided participating in it.

While METCO does not include severely-disabled students with special education needs that require placement outside of Newton, METCO does include Boston students with a range of educational strengths and needs and does include non-severely disabled children with special education needs. Newton’s METCO program has a higher percentage of students with special education needs relative to the resident Newton student population. Thirty-seven percent of the METCO students were students with special education needs in 2007 compared to 17% for Newton students as a whole (including the METCO students).

**Table 7: Number and Percent of METCO and
Total Newton Public School Students in Special Education
(FY04 - FY08)**

NUMBER AND PERCENT OF METCO STUDENTS IN SPED									
As of October 1	Special Education Placement Level*						Total # of METCO in SPED	Total METCO Enrollment	% of METCO in SPED
	Full Inclusion		Partial Inclusion		Substantially Separate Classroom				
	#	%	#	%	#	%			
2003	102	24.4%	24	5.7%	5	1.2%	131	418	31.4%
2004	103	24.8%	31	7.5%	8	1.9%	142	415	34.3%
2005	115	27.4%	31	7.4%	9	2.1%	155	419	37.1%
2006	113	27.2%	31	7.5%	4	1.0%	148	416	35.7%
2007	119	29.4%	23	5.7%	7	1.7%	149	405	36.9%
NUMBER AND PERCENT OF TOTAL NEWTON K-12 POPULATION IN SPED									
As of October 1	Special Education Placement Level*						Total # of Students in SPED**	Total K-12 Enrollment	% of Students in SPED
	Full Inclusion		Partial Inclusion		Substantially Separate Classroom				
	#	%	#	%	#	%			
2003	1,484	13.2%	260	2.3%	114	1.0%	1,858	11,267	16.5%
2004	1,579	14.0%	265	2.4%	122	1.1%	1,966	11,268	17.4%
2005	1,625	14.2%	252	2.2%	138	1.2%	2,015	11,415	17.7%
2006	1,601	13.9%	300	2.6%	110	1.0%	2,011	11,501	17.5%
2007	1,565	13.5%	309	2.7%	135	1.2%	2,009	11,556	17.4%

*Special Education Placement Level Descriptions:

Full Inclusion (10) - special education services outside the general education classroom less than 21% of the time.

Partial Inclusion (20) - special education services outside the general education classroom 21% to 60% of the time.

Substantially Separate Classroom (40) - special education services outside the general education classroom more than 60% of the time.

**Does not include tuitioned-out and pre K students.

Source: Newton Public Schools; Business, Finance and Planning 9/5/08

The results of Newton METCO students on Grade 4 and Grade 10 MCAS English Language Arts and Math tests compared to those of Newton and Boston students as a whole are shown in Table 8. In Grade 4, the percent of Newton METCO students scoring proficient or advanced is fourteen percentage points higher than their counterparts in the Boston public schools and thirty-two or thirty-three percentage points lower than Newton students as a whole in both English and Math. In Grade 10, Newton METCO students score eight percentage points higher on English and seven percentage points lower than students in Boston public schools in Math and thirty-three to thirty-eight percentage points lower than Newton students as a whole in both English and Math. A pattern of METCO students scoring higher than their counterparts in Boston but lower than their suburban peers appears to exist in other communities with METCO students.

Table 8: MCAS Results (2007)

MCAS Results (2007)			
Percent of Students Scoring Proficient or Advanced			
	<u>Newton METCO Students</u>	<u>Boston Students</u>	<u>Newton Students</u>
Grade 4			
English	45%	31%	78%
Math	41%	27%	73%
Grade 10			
English	58%	50%	88%
Math	48%	55%	88%

Source: Newton Public Schools and Massachusetts Department of Elementary and Secondary Education (ESE)

Except for students whose families move out of Boston, most of Newton's METCO students stay in the program and graduate. The most recent year for which graduation rates are available for comparison purposes is 2006-07. Of the 33 students who started in Newton's METCO program in elementary school as part of the Class of 2007, four moved out of Boston and one withdrew prior to high school and transferred to the Boston Public Schools. Of the 28 who started high school in Newton's 9th grade, all graduated. (This latter data are used to calculate graduation rates.) In summary, Newton's METCO students had a 100% graduation rate in 2007, higher than Newton students as a whole and substantially higher than students in Boston.

Table 9: Graduation Rates (2006-07)³⁶

	Graduation Rate
Newton	
Total Students	93.7%
METCO Students*	100.0%
Boston	57.9%
Statewide	80.9%

Source: Massachusetts Department of Elementary and Secondary Education and Newton Public Schools

IV. Staffing

The Newton METCO program in 2007- 08 had 14 staff members. This consisted of the Director, an Office Secretary, and a half-time office aide and a half-time volunteer coordinator; four guidance counselors (two in each high school, two for the four middle schools); and seven bus monitors for the buses transporting elementary school students. The half-time volunteer coordinator, while on the METCO staff, helps coordinate volunteer activities for all of the Newton Public Schools; this position can be thought of as one of the benefits of the METCO funding Newton receives.

Table 10: Newton METCO Staffing (FY04 - FY08)

	FY04	FY05	FY06	FY07	FY08
METCO Director	1.00	1.00	1.00	1.00	1.00
Guidance Counselors	2.00	3.00	3.00	4.00	4.00
Bus Monitors	5.00	5.00	5.00	7.10	7.00
Office Assistant/Secretary	1.00	1.00	1.00	1.00	1.00
Office Aide	0.47	0.47	0.47	0.47	0.47
Volunteer Coordinator	0.00	0.00	0.50	0.50	0.50
Total Full Time Equivalents	9.47	10.47	10.97	14.07	13.97

Source: Newton Public Schools; 11/7/08

³⁶ The four-year graduation rate is calculated by the Massachusetts Department of Elementary and Secondary Education as: # of students in cohort (denominator) who graduate in 4 years or less / [# of 1st time entering 9th graders in 2003-04] - transfers out/deaths + transfers in.

In the past, METCO had dedicated METCO social workers in the elementary schools but they were eliminated perhaps ten years ago. For the last ten years, the Director of the METCO program depended on the elementary school social workers and psychologists to assist METCO students and identify emerging issues. However, the elementary school social worker positions were eliminated this year.

V. Funding

METCO is funded by Massachusetts through the Massachusetts Department of Elementary and Secondary Education's Racial Imbalance Law. Funding is intended:³⁷

- To pay the full cost of student transportation (both buses and bus monitors)
- To pay the full cost of METCO staff who are in participating school districts to enhance both academic achievement and cross-cultural understanding
- To make a financial contribution toward the cost of teachers and other educational costs in the participating school districts

At the state level, METCO received essentially level funding from 1992 to 2000. In 2001, the program received a funding increase of 24%. In the subsequent three years, METCO was either level-funded or experienced cuts. From 2005 to 2007, METCO received increases ranging from 11% to 15%. In 2008, METCO had a 5% increase in funding with a total allocation of \$20.6 million.

³⁷ According to the METCO grant application, funds may be used for local district costs incurred as a result of the presence of METCO students, METCO transportation costs, and for supplemental services that will contribute in a measurable way to enhanced educational opportunity and academic achievement, as well as diversity enrichment. In the area of enhanced educational opportunity and academic achievement, services may include regular day and after-school tutoring and mentoring programs, staff professional development geared towards understanding and addressing the achievement gap between minority and non-minority students, and other programs and services such as providing ways for parents to support their children's learning. In the area of diversity enrichment, services may include training, in-school and after-school activities, incentives programs, etc. that contribute to increased cross-cultural and racial understanding. Source: Massachusetts Department of Elementary and Secondary Education.

**Table 11: METCO Funding History in
Massachusetts (1992 – 2008)**

Year	Total Allocation	Percent Change from Previous Year
1992	\$12,031,328	
1993	\$12,031,328	0%
1994	\$12,031,328	0%
1995	\$12,031,328	0%
1996	\$12,031,328	0%
1997	\$12,031,328	0%
1998	\$12,031,328	0%
1999	\$12,371,328	3%
2000	\$12,371,328	0%
2001	\$15,319,156	24%
2002	\$15,319,156	0%
2003	\$15,128,126	-1%
2004	\$13,615,313	-10%
2005	\$15,615,313	15%
2006	\$17,615,313	13%
2007	\$19,615,313	11%
2008	\$20,615,313	5%

Source: Massachusetts Department of Elementary and
Secondary Education

All participating school districts receive the same dollar amount per METCO student for instructional and support services which is called a “per pupil allotment.” In the last four years, the per pupil allotment has increased from \$3400 to \$4000. (Up until FY2003, the state provided additional funds for METCO students who were in special education programs but this payment was eliminated. The FY03 METCO SPED supplement of \$108,363 to Newton was the last one.)

Table 12: METCO per Pupil Allotment from Massachusetts (FY06 – FY09)

FY06	\$3,400
FY07	\$3,700
FY08	\$3,800
FY09	\$4,000

Source: Massachusetts Department of Elementary
and Secondary Education

In addition to the per pupil allotment for instructional and support services, school districts also receive funding for transportation. The amount is based on the number of buses needed. Newton has run eleven buses for the METCO students for at least the last ten years. The transportation allotment has covered in full the actual cost of the buses. (While part of the same grant, the funds for transportation are not intended to cover the cost of the bus monitors; those personnel expenses are covered by the per pupil allotment for instructional and support services.)

Table 13: Newton METCO Transportation Expenses and State Transportation Allocation (FY04 – FY09)

Fiscal Year	Budget/ Actual	Newton METCO Transportation Expenses	State Transportation Allocation
FY04	Actual	\$614,664	\$711,900
FY05	Actual	\$668,112	\$687,525
FY06	Actual	\$699,550	\$764,918
FY07	Actual	\$714,393	\$757,759
FY08	Actual	\$719,280	\$761,463
FY09	Budget	\$762,430	\$761,463

Source: Newton Public Schools; METCO Grant Program;
Includes the base and supplemental transportation allocations

In line with the state budget increases to METCO, METCO allotments to Newton have grown over time and totaled \$2.4 million in FY2008.

Table 14: METCO Allotments to Newton (FY04 - FY09)

	Total State METCO Allotment to Newton	Percent Change	# of Newton METCO Students	Total State METCO Allotment to Newton/ # of METCO Students
FY04	\$1,707,351		418	\$4,085
FY05	\$1,968,754	15.3%	415	\$4,744
FY06	\$2,179,724	10.7%	419	\$5,202
FY07	\$2,308,059	5.9%	416	\$5,548
FY08	\$2,421,463	4.9%	405	\$5,979

Source: Newton Public Schools, 11/8/08
Includes the per pupil allotment for instructional and support services and the transportation allotment.

Once Newton’s Director of METCO receives from Massachusetts the grant amount for instructional and support services and transportation, the Director determines Newton’s METCO budget. The direct costs for METCO staff and expenses are considerably lower than the total amount of the state grant. Therefore, METCO in effect provides revenues to the Newton Public Schools General Fund. Those have been labeled both the “METCO Offset – Instruction” and “Teacher Credit” historically. For sake of clarity, we call these revenues the “METCO Credit to Instruction” hereafter. For FY2008, the METCO Credit to Instruction came to approximately \$939,000 or \$2,318 per METCO student. For FY09, the METCO Credit to Instruction is projected to remain at \$939,000.

Table 15: METCO Expenses (FY04 - FY08)

	FY04	FY05	FY06	FY07	FY08	Percent Change FY04 - FY08
Total State Allocation*	\$1,707,351	\$1,968,754	\$2,179,724	\$2,308,059	\$2,421,463	41.8%
Expenses						
Staff Costs	\$316,277	\$380,660	\$401,311	\$510,332	\$525,716	
Aide and Tutor Expense**	\$0	\$0	\$0	\$25,616	\$72,348	
Benefits*** +	\$3,497	\$41,347	\$30,820	\$39,903	\$104,014	
All other expenses	<u>\$108,877</u>	<u>\$127,752</u>	<u>\$98,233</u>	<u>\$56,976</u>	<u>\$60,866</u>	
	\$428,651	\$549,759	\$530,364	\$632,827	\$762,944	78.0%
Transportation	\$615,974	\$667,911	\$702,065	\$743,632	\$719,280	16.8%
Total Expenses	\$1,044,625	\$1,217,670	\$1,232,429	\$1,376,459	\$1,482,224	41.9%
METCO Credit to Instruction ++	\$662,726	\$751,084	\$947,295	\$931,600	\$939,239	41.7%
Total	\$1,707,351	\$1,968,754	\$2,179,724	\$2,308,059	\$2,421,463	
Staffing: # of Full Time Equivalents	9.47	10.47	10.97	14.07	13.97	47.5%
# of Newton METCO Students	418	415	419	416	405	-3.1%

Notes:

*The total budget is the same as the state allocation. The total budget (also known as the total expense) is the final actual cost for the fiscal year and may differ slightly from the original budget. Grant amendments are required for budget changes of more than 10%.

** Aide and tutor costs are charged by hourly timesheets and are not included in FTE counts.

***Prior to FY05 most employee benefits for grant staff were paid by the district budget. In FY05, the practice and the accounting system allowed for direct charging of benefits to the fund or grant from the which the employee is paid, although not always full cost.

+In FY08 the METCO grant covered an additional benefits cost due to a remaining balance in transportation line item.

++ The teacher credit to the Newton Public Schools is adjusted at year end to include remaining balances in METCO accounts.

Source: Newton Public Schools, 11/8/08

Since FY04, the state allocation to Newton's METCO program, Newton's METCO expenses and the METCO Credit to Instruction have grown at the same rate. That reflects a conscious policy on the part of the Newton Public Schools to keep the growth of METCO expenses and the METCO Credit to Instruction equal.

VI. Class Size Analysis

At the request of the Citizen Advisory Group, the Newton Public Schools did a careful analysis of the impact on class size of having no Boston students from the METCO program in the Newton Public Schools. Using the current headcount of 423 students in FY09, Newton Public Schools looked at the specific placements of the METCO students at each of the twenty-one schools and in each grade and classroom. The analysis found:

Elementary Schools:

- With 207 fewer students, there would be 248 classrooms versus 250 currently
- Average class size would be reduced by -0.7 to 21.3 students versus 22.0 currently
- Burr Grade 4 would have class sizes of 27 and 26 students, numbers that are higher than most Grade 4 classes. Lincoln-Eliot Grade 1 would have two classes both with class sizes of 23 students compared with three classes of 20, 18 and 16 students

Middle Schools:

- With 94 fewer students, the student to teacher ratio would be reduced by -0.5 to 21.3 students per teacher versus 21.8 students per teacher currently
- Brown Grade 8 would have a two teacher team (half team) for a total of 2.5 teams in Grade 8 versus 3.0 teams currently. Brown would then have half teams in Grades 6, 7, and 8. Half teams in Grade 8 are avoided if possible

High Schools:

- With 122 fewer students in the two high schools, class size averages for the five major subjects would remain the same with the reduction of 6.75 teachers (see the incremental cost analysis below)

The complete class size analysis is included in Appendix I.

VII. Financial Analysis

The analysis of the financial consequences of Newton's voluntary participation in the METCO program is challenging to do. Although there are gaps in available data, the more important problem is that different costing methodologies yield different conclusions.

Consider, for example, “full costing” versus “incremental costing” of the METCO program. The full cost method includes all costs, whether they are fixed or variable. The incremental cost method includes only those additional semi-variable or variable costs incurred as a result of having approximately 415 additional students in the school system.³⁸

Full Cost Analysis

On a full cost basis, it is clear that METCO’s per pupil allotment paid by Massachusetts to Newton for instructional and support services does not cover the average full cost of educating a student for a year in the Newton school system. This per pupil allotment from the Commonwealth (after direct costs for the METCO staff) of \$2,318 for FY2008 is far below the nearly \$13,450 total annual cost per pupil calculated by the Newton Public Schools according to Massachusetts Department of Elementary and Secondary Education guidelines. Indeed, this \$11,000 per pupil shortfall for FY2008 could be interpreted as a \$4,565,000 cost to the Newton school system for participating in METCO (\$11,000 shortfall x 415 METCO pupils).

This analytical approach is deeply flawed, however. It assumes that adding 415 METCO students to an existing population of over 11,500 students (METCO students comprise 3.5% of the total student body) requires the addition of new fixed costs, such as new school rooms and other non-consumables, new administrators, new custodians, higher utilities, etc.. Arguably, this has never been case as long as the METCO program has existed in the Newton public school system. But, given the space constraints in some of Newton’s schools, perhaps even 415 additional children has implications for Newton’s fixed costs over the long term.

Incremental Cost Analysis

The Citizen Advisory Group thinks an incremental cost analysis of METCO yields more relevant insights than a full cost analysis.

At the request of the Citizen Advisory Group, the Newton Public Schools did a careful analysis of the financial impact of having no Boston students from the METCO program in the Newton Public Schools. Using the current headcount of 423 students in FY09, Newton Public Schools looked at the specific placements of the METCO students at each of the twenty-one schools and in each grade and classroom. In addition, the Newton

³⁸ Fixed costs in this context, such as classroom space, utilities, administrators and custodial services, remain constant (at least over the short run) regardless of the number of students enrolled. Semi-variable costs, such as teachers and guidance counselors, special education support, professional development, health, libraries, and English Language Learners costs, remain fixed up to a certain number of students after which they become variable. In other words, with semi-variable costs, the total number responds less than proportionately to changes in the number of students enrolled. The vast majority of costs in a school system are fixed or semi-variable so that the addition or elimination of a small percentage of students has only a small effect on total costs. Variable costs, such as textbooks and school supplies, increase in direct proportion to the number of students.

Public Schools analyzed the specific special education support METCO students receive based on actual individual education program plans (IEPs). In addition, an analysis of the decreases in per pupil costs (based on the per pupil allocation to school principals) for such items as instructional, computer and library supplies, textbooks, small equipment, field trip transportation, etc. was done. While the complete details are in Appendix I, the incremental cost analysis³⁹ of eliminating the METCO program yielded the following results:

Incremental Cost Analysis of Eliminating METCO

Teacher Expenses (Full Time Equivalents (FTEs):	
Elementary	2.2
Middle School	2.0
High School	<u>6.75</u>
	10.95 Teachers for \$618,774
Special Education Expenses (Full Time Equivalents (FTEs):	
Learning Center Teacher	1.1 for \$62,160
Aides	9.5 for \$266,000
Per Pupil Expenses	
423 students for \$44,000	
Total Variable and Semi-Variable METCO Expenses:	\$990,934
METCO Credit to Instruction:	<u>\$939,239</u>
Total Cost to Newton	\$51,695

For both FY2008 and FY2009, the METCO credit to instruction was \$939,239, approximately \$50,000 less than the variable and semi-variable expenses of the METCO students shown above. **In summary, the incremental cost analysis shows a *small cost to Newton of approximately \$50,000 for participating in METCO.***

The total cost to Newton illustrated above may be underestimated as the special education savings might be higher than calculated by the Newton Public Schools. Newton Public Schools looked at the current METCO student placements and determined that if the aide in that particular classroom was being shared with another student, then that aide would still remain even without that METCO student. In fact, the remaining student with special needs might be reassigned to another classroom where he or she could share an aide. Newton Public Schools should be asked to do this analysis and determine the impact on the number of aides.

³⁹ While the average teacher salary and benefits totals \$73,837, when a school system has layoffs, less senior teachers are let go. The average for salary and benefits for less senior teachers is \$56,509. The average for an aide is approximately \$28,000. For FY09, the per pupil allocation for the elementary, middle and high schools respectively are \$101, \$106, and \$108.

Arguably, in the long-term, some fixed costs might decrease with 3.5% fewer students in the Newton Public Schools. However, the Citizen Advisory Group thinks that most of the fixed costs are being used at essentially full capacity. (For example, the buildings are full and supervisors and specialists are working at or above capacity. There is no evidence to suggest that the number of staff (like literacy specialists, math coaches, curriculum coordinators or guidance counselors) would decrease with 3.5% fewer students in the school system. In many instances, there is one specialist per building, regardless of the number of students.) Thus, even with 415 fewer students, fixed costs would not decrease very much.

Financial Analysis Conclusions

First, it makes little sense to estimate the financial consequences of Newton's participation in the METCO program using a full cost method of analysis.

Second, using an incremental costing approach, the financial implications of Newton participating in the METCO program are close to breakeven.

Third, Newton's continued participation in the METCO program at its current level of commitment and scale need not, and, in our minds, should not be determined solely by financial considerations. Whatever financial costs may be associated with the program might be considered an investment in the educational goal of diversity as well as "giving back" to the greater Boston community. For sure, one could try to factor in such intangible costs as the real or imagined increased complexity of supervising a more diverse population in classes and other school activities. But no principals or teachers that the Citizen Advisory Group has interviewed see this as an issue. Indeed, they have all pointed out to us how the diversity of Newton's classrooms makes teaching in Newton such a rewarding assignment.

VIII. Conclusion

Newton Public Schools provides and participates in a wide range of programs to meet its mission of educating, preparing, and inspiring students to achieve their full potential as lifelong learners, thinkers, and productive contributors. Two of its core values are to recognize the uniqueness and dignity of individuals of differing races and ethnicities and to build upon the strengths of our diverse community. As one way to achieve these goals, Newton Public Schools voluntarily participates in METCO. The school system has a financial incentive to do so in the form of a grant from Massachusetts. The financial analysis shows the METCO program essentially breaks even.

Just like other non-mandated programs, Newton Public Schools should periodically review in depth METCO: its purpose, measurable benefits and costs, and the efficacy with which the program is delivered. Therefore, the Citizen Advisory Group recommends that the School Committee and Newton Public Schools analyze and discuss openly the following types of questions:

- How can Newton best achieve its educational goals for diversity and what is METCO's role in this?
- How can Newton Public Schools measure – qualitatively and quantitatively – the learning impact of having a more diverse school community by virtue of participating in METCO?
- Is METCO achieving its full potential? Are there ways to increase its effectiveness?
- If, based on a set of assumptions, METCO costs the Newton Public Schools more than what is received in METCO grant funding, are the social and educational benefits sufficient to retain the program at its current level, a lower level, or at all?
- Will even more resources from Newton be required in the future to maintain the current scale of METCO's operations and Newton's position as a leader in multi-cultural education?
- If the state reduced or eliminated funding for METCO, would Newton Public Schools keep the program?
- Can Newton, perhaps in concert with other cities and towns, press the state to provide more funding to METCO?
- Should the scale of the METCO program be reduced and will this ensure or undermine Newton's continued leadership in multi-cultural education?
- If class sizes continue to rise in the future, how should this be factored into the analysis of METCO?
- Should some portion of the commitment to METCO be reallocated to other pressing needs within the school system?

While these are difficult questions both to discuss and to answer thoughtfully, the Citizen Advisory Group recommends that Newton Public Schools periodically (perhaps every five years) examine in depth the benefits and costs (e.g., financial, class size, teacher load) of the METCO program, its level of participation, and the quality and effectiveness of this longstanding program. This has not been done historically in an open and periodic manner. The Citizen Advisory Group also recommends that Newton Public Schools annually or biennially publish in depth data about METCO, perhaps similar to what is found in this report. While the Newton Public Schools provided us with this information when asked, it was not readily available beforehand. Just as the School Committee thinks deeply about a wide range of choices (e.g., class size, professional development, curriculum) so too should METCO be discussed openly and regularly to see if the investments provide the kind of return we hope in actualizing Newton's commitment to diversity.

Appendix I: Eliminating METCO: Class Size, Staff and Special Education Cost Analysis

Analysis and tables from Sandra Guryan, Assistant Superintendent for Business, Finance and Planning (December 11, 2008) & Paul Stein, Assistant Superintendent for Human Resources, and Lisa Reed, METCO Director (January 7, 2008)

Please note the following potential savings as a result of reviewing the theoretical impact of no Boston students in the Newton Public Schools:

- Elementary Schools: Save 2.0 FTE classroom teachers without METCO students. Save 0.1 FTE Physical Education, Health & Wellness teacher, and save 0.1 FTE Art teacher. With 207 fewer students, there would be 248 classrooms versus 250 currently. Average class size would be reduced by -0.7 to 21.3 students versus 22.0 currently.
- Additional Elementary Impact: Burr Grade 4 would have class sizes of 27 and 26 students, numbers that are higher than most Grade 4 classes. Lincoln-Eliot Grade 1 would have class sizes of 23 and 23 students.
- Middle Schools: Save 2.0 FTE team teachers without METCO students, with no change in other subject areas. With 94 fewer students, the student to teacher ratio would be 21.3 students per teacher versus 21.8 students per teacher currently.
- Additional Middle School Impact: Brown Grade 8 would have a two teacher team (half team), for a total of 2.5 teams in Grade 8 versus 3.0 teams currently. Half teams in Grade 8 are avoided, if possible. Brown would then have half teams in Grades 6, 7 and 8.
- High Schools: A theoretical high school analysis shows to reach the same class size averages for the five major subjects as today, with 122 fewer students in two high schools, there would be a reduction of -6.75 FTE high school teachers.

We have conducted a cost analysis of the METCO students in Newton who receive special education services. We asked special education administrators responsible for staffing at each building to conduct an exercise in which they imagined that each of the METCO students no longer received or required special education services. In order to realistically conduct this exercise, we needed to base our analysis on the current staffing allocations and student population and to review our individual students' actual IEPs. In the 2008-2009 School Year, 148 of Newton's 423 METCO students receive services. (This is in comparison to 149 of Newton's 405 METCO students enrolled during the 07-08 school year.) We determined that if no METCO students receive services, Newton would be able to reduce its learning center staff by 1.1 FTE's and its aide staff by 9.5 FTE's. At \$56,509 per teacher and \$28,000 per aide, this represents a potential savings of \$328,160.

In doing this analysis, we learned that in many cases a reduction in staffing was not feasible primarily for two reasons:

- Students were spread out so thinly over different grades and schools that the elimination of their need for services would not constitute enough of a reduction in work load to reduce staffing. For instance, if a learning center teacher has a caseload of 25, and it were reduced to 23, he or she would still be within the customary caseload for a full time position.
- Many students received services in groups. For example, take the case of an aide who is responsible for 2 or 3 students in a single classroom – all of whom require an aide in that room during the entire school day. If one student left that classroom, the remaining student(s) would still require that aide to be there full time. This, in fact, reflects an economy that the special education department has already put in place. Another example is that of a middle school speech and language pathologist who primarily sees students in small groups. Again, if one or two students left a speech group, the speech and language pathologist would still need to conduct the group.

The biggest saving involves those students who required intensive aide support, thus the reduction in 9.5 aides.

Table 16: Two Cost Summaries of Teacher Reduction

Description	FTEs	Average Salary	Average Benefits	Total Average	Total Cost
<u>Using Average Teacher Salaries</u>					
Elementary Classroom Teachers	2.00	\$67,080	\$6,757	\$73,837	\$147,674
Elementary Physical Education, Art and Music Teachers	0.20	\$67,080	\$6,757	\$73,837	\$14,767
Middle School Team Teachers	2.00	\$67,080	\$6,757	\$73,837	\$147,674
High School Teachers - 5 Major Subjects	6.75	\$67,080	\$6,757	\$73,837	\$498,400
Total	10.95				\$808,515
<u>Using Less Senior Teacher Salaries</u>					
Elementary Classroom Teachers	2.00	\$50,000	\$6,509	\$56,509	\$113,018
Elementary Physical Education, Art and Music Teachers	0.20	\$50,000	\$6,509	\$56,509	\$11,302
Middle School Team Teachers	2.00	\$50,000	\$6,509	\$56,509	\$113,018
High School Teachers - 5 Major Subjects	6.75	\$50,000	\$6,509	\$56,509	\$381,436
Total	10.95				\$618,774

Note: The average benefits include Health Insurance, Dental Insurance and Medicare. The Medicare amount is 1.45% of the average salary used and is therefore lower in the bottom scenario. The Citizen Advisory Group found the analysis using the salary and benefits for the less senior teachers more compelling because if layoffs occur, the less senior teachers are the first to be let go.

**Table 17: Distribution of Elementary Class Sizes without METCO Students
As of October 1, 2008**

SCHOOL	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	TOTAL	Change Without METCO
	K	K-1	1	1-2	2	2-3	3	3-4	4	4-5	5		
Angier			19		22		24		24		20	# Rooms	
	19		18		22		24		24		20	18	
	18	18	18		22		24		24		19		
TOTAL	37	18	55	0	66	0	72	0	72	0	59	379	-13
Bowen			21		24		27		25		21	# Rooms	
	20		21		23		26		24		20	19	
	20		21		23		26		24		19		
TOTAL	59	0	83	0	70	0	79	0	73	0	60	424	-11
Burr Save 1 teacher- G.4	23		21		22						19	# Rooms	
	23		20		21		26		27		19	16	
	22		20		21		26		26		18		
TOTAL	68	0	61	0	64	0	52	0	53	0	56	354	-15
Cabot							21					# Rooms	
	21		22		25		21		24		20	19	
	20		22		25		21		24		19		
	20		21		24		20		23		19		
TOTAL	61	0	65	0	74	0	83	0	71	0	58	412	-13
Countryside	22		22									# Rooms	
	22		22		24		26		25		27	20	
	21		22		24		26		25		27		
	20		22		23		26		24		27		
TOTAL	85	0	88	0	71	0	78	0	74	0	81	477	-2
Franklin							22	*				# Rooms	
	18		22		21		20		19	**	22	***	19
	18		22		21		19		19		22		
	18		21		21		17		18		19		
TOTAL	54	0	65	0	63	0	78	0	56	0	63	379	-17
Horace Mann	22				22		21		23		21	# Rooms	
	21		23		21		21		21		20	17	
	21		22		21		20		21		19		
TOTAL	64	0	45	0	64	0	62	0	65	0	60	360	-10
Lincoln-Eliot Save 1 teacher- G.1							19					# Rooms	
	20		23		23		17		17		22	13	
	20		23		22		16		17		22		
TOTAL	40	0	46	0	45	0	52	0	34	0	44	261	-23

*Includes 5 students in the REACH Program who are integrated into another 3rd grade class approximately 2 1/2 hours each day.

**Includes 6 students in the REACH Program who are integrated into another 4th grade class approximately 2 1/2 hours each day.

***Includes 8 students in the REACH Program who are integrated into another 5th grade class approximately 2 1/2 hours each day.

**Table 17: Distribution of Elementary Class Sizes without METCO Students
As of October 1, 2008 (continued)**

SCHOOL	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	TOTAL	Change Without METCO
	K	K-1	1	1-2	2	2-3	3	3-4	4	4-5	5		
Angier			19		22		24		24		20	# Rooms	
	19		18		22		24		24		20	18	
	18	18	18		22		24		24		19		
TOTAL	37	18	55	0	66	0	72	0	72	0	59	379	-13
Bowen			21		24		27		25		21	# Rooms	
	20		21		23		26		24		20	19	
	20		21		23		26		24		19		
TOTAL	59	0	83	0	70	0	79	0	73	0	60	424	-11
Burr Save 1 teacher- G.4	23		21		22						19	# Rooms	
	23		20		21		26		27		19	16	
	22		20		21		26		26		18		
TOTAL	68	0	61	0	64	0	52	0	53	0	56	354	-15
Cabot							21					# Rooms	
	21		22		25		21		24		20	19	
	20		22		25		21		24		19		
	20		21		24		20		23		19		
TOTAL	61	0	65	0	74	0	83	0	71	0	58	412	-13
Countryside	22		22									# Rooms	
	22		22		24		26		25		27	20	
	21		22		24		26		25		27		
	20		22		23		26		24		27		
TOTAL	85	0	88	0	71	0	78	0	74	0	81	477	-2
Franklin							22	*				# Rooms	
	18		22		21		20		19	**	22	***	19
	18		22		21		19		19		22		
	18		21		21		17		18		19		
TOTAL	54	0	65	0	63	0	78	0	56	0	63	379	-17
Horace Mann	22				22		21		23		21	# Rooms	
	21		23		21		21		21		20	17	
	21		22		21		20		21		19		
TOTAL	64	0	45	0	64	0	62	0	65	0	60	360	-10
Lincoln-Eliot Save 1 teacher- G.1							19					# Rooms	
	20		23		23		17		17		22	13	
	20		23		22		16		17		22		
TOTAL	40	0	46	0	45	0	52	0	34	0	44	261	-23

*Includes 5 students in the REACH Program who are integrated into another 3rd grade class approximately 2 1/2 hours each day.

**Includes 6 students in the REACH Program who are integrated into another 4th grade class approximately 2 1/2 hours each day.

***Includes 8 students in the REACH Program who are integrated into another 5th grade class approximately 2 1/2 hours each day.

**Table 18: Distribution of Elementary Class Sizes including METCO Students
As of October 1, 2008**

SCHOOL	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	TOTAL
	K	K-1	1	1-2	2	2-3	3	3-4	4	4-5	5	
Angier			20		23		25		24		21	# Rooms
	19		20		23		25		24		20	18
	18	19	19	-	23	-	25	-	24	-	20	
TOTAL	37	19	59	0	69	0	75	0	72	0	61	392
Bowen			22									# Rooms
	20		22		25		27		26		21	19
	20		21		24		27		25		21	
	19	-	21		24		26		25	-	19	
TOTAL	59	0	86	0	73	0	80	0	76	0	61	435
Burr	23		22		23				21		20	# Rooms
	23		21		22		28		19		20	17
	22		20		21		27		18		19	
TOTAL	68	0	63	0	66	0	55	0	58	0	59	369
Cabot							22					# Rooms
	22		23		25		22		25		22	19
	21		23		25		21		24		20	
	20		23		24		20		23		20	
TOTAL	63	0	69	0	74	0	85	0	72	0	62	425
Countryside	22		22									# Rooms
	22		22		24		26		25		28	20
	21		22		24		26		25		28	
	20		22		23		26		24		27	
TOTAL	85	0	88	0	71	0	78	0	74	0	83	479
Franklin							23	*				# Rooms
	19		23		22		20		21	**	26	***
	19		22		22		19		21		22	
	18		22		21		17		20		19	
TOTAL	56	0	67	0	65	0	79	0	62	0	67	396
Horace Mann	23				22		22		23		21	# Rooms
	22		26		21		22		21		20	17
	22		23		21		21		21		19	
TOTAL	67	0	49	0	64	0	65	0	65	0	60	370
Lincoln-Eliot			20				19					# Rooms
	22		18		25		17		20		24	14
	21		16		24		16		19		23	
TOTAL	43	0	54	0	49	0	52	0	39	0	47	284

*Includes 5 students in the REACH Program who are integrated into another 3rd grade class approximately 2 1/2 hours each day.

**Includes 6 students in the REACH Program who are integrated into another 4th grade class approximately 2 1/2 hours each day.

***Includes 8 students in the REACH Program who are integrated into another 5th grade class approximately 2 1/2 hours each day.

**Table 18: Distribution of Elementary Class Sizes including METCO Students
As of October 1, 2008 (continued)**

SCHOOL	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	TOTAL
	K	K-1	1	1-2	2	2-3	3	3-4	4	4-5	5	
Mason-Rice	23		21		22		20				25	# Rooms 19
	22		21		21		20		27		25	
	22		21		20		20		27		24	
TOTAL	67	0	84	0	63	0	80	0	54	0	74	422
Memorial-Spaulding					21				23			# Rooms 20
	22		22		21		24		22		26	
	21		21		21		24		21		26	
	19		21		20		22		20		25	
TOTAL	62	0	64	0	83	0	70	0	86	0	77	442
Peirce			23						22		21	# Rooms 15
	20		22		27		26		22		21	
	19		22		27		25		21		20	
TOTAL	39	0	67	0	54	0	51	0	65	0	62	338
Underwood											21	# Rooms 13
	22		23		23		25		20		20	
	21		22		22		24		20		19	
TOTAL	43	0	45	0	45	0	49	0	40	0	60	282
Ward												# Rooms 12
	21		26		18		25		21		20	
	21		25		17		25		21		20	
TOTAL	42	0	51	0	35	0	50	0	42	0	40	260
Williams					19							# Rooms 13
	22		20		18		20		29		22	
	21		19		18		18		28		22	
TOTAL	43	0	39	0	55	0	38	0	57	0	44	276
Zervas			19		20		20					# Rooms 15
	23		19		19		20		26		28	
	23		18		19		20		26		28	
TOTAL	46	0	56	0	58	0	60	0	52	0	56	328

	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Grade	TOTAL
	K	K-1	1	1-2	2	2-3	3	3-4	4	4-5	5	
Grand Total:	820	19	941	0	924	0	967	0	914	0	913	5,498
Avg. Class Size:	21.0	19.0	21.4	0.0	22.0	0.0	22.5	0.0	22.9	0.0	22.3	22.0
# of Rooms/Classes:	39	1	44	0	42	0	43	0	40	0	41	250

Table 19: FY09 Middle School Teacher Ratios without METCO Students

School	Grade	Number of Students	Number of Teams	Average Team Size	Number of Core Teachers	Students to Teachers	Student:Teacher Ratio	Team Size	Change without METCO
Bigelow	6	177	2.00	89	8.0	22.1	22:1	88.50	
Bigelow	7	156	2.00	78	8.0	19.5	20:1	78.00	
Bigelow	8	151	2.00	76	8.0	18.9	19:1	75.50	
Total Bigelow		484	6.00	81	24.0	20.2	20:1	80.67	-0.9 -21
Brown	6	217	2.50	87	10.0	21.7	22:1	86.80	
Brown	7	210	2.50	84	10.0	21.0	21:1	84.00	
Brown-Save 2 Teachers	8	219	2.50	88	10.0	21.9	22:1	87.60	
Brown	SPED	6							
Total Brown		652	7.50	87	30.0	21.7	22:1	86.93	0.5 -29
Day	6	218	2.50	87	10.0	21.8	22:1	87.20	
Day	7	268	3.00	89	12.0	22.3	22:1	89.33	
Day	8	237	3.00	79	12.0	19.8	20:1	79.00	
Total Day		723	8.50	85	34.0	21.3	21:1	85.06	-0.7 -24
Oak Hill	6	189	2.00	95	8.0	23.6	24:1	94.50	
Oak Hill	7	164	2.00	82	8.0	20.5	21:1	82.00	
Oak Hill	8	174	2.00	87	8.0	21.8	22:1	87.00	
Total Oak Hill		527	6.00	88	24.0	22.0	22:1	87.83	-0.8 -20
Total Middle School		2,386	28.00	85	112.0	21.3	21:1	85.21	
Middle School with METCO		2,480	28.50	87	114.0	21.8	22:1	87.02	
Difference		(94)	(0.5)	(2.0)	(2.0)	(0.5)	(1.8)	(1.8)	

Table 20: FY09 Middle School Teacher Ratios including METCO Students

School	Grade	Number of Students	Number of Teams	Average Team Size	Number of Core Teachers	Students to Teachers	Student:Teacher Ratio	Team Size
Bigelow	6	182	2.00	91	8.0	22.8	23:1	91.00
Bigelow	7	164	2.00	82	8.0	20.5	21:1	82.00
Bigelow	8	159	2.00	80	8.0	19.9	20:1	79.50
Total Bigelow		505	6.00	84	24.0	21.0	21:1	84.17
Brown	6	226	2.50	90	10.0	22.6	23:1	90.40
Brown	7	221	2.50	88	10.0	22.1	22:1	88.40
Brown	8	228	3.00	76	12.0	19.0	19:1	76.00
Brown	SPED	6						
Total Brown		681	8.00	85	32.0	21.3	21:1	85.13
Day	6	227	2.50	91	10.0	22.7	23:1	90.80
Day	7	278	3.00	93	12.0	23.2	23:1	92.67
Day	8	242	3.00	81	12.0	20.2	20:1	80.67
Total Day		747	8.50	88	34.0	22.0	22:1	87.88
Oak Hill	6	194	2.00	97	8.0	24.3	24:1	97.00
Oak Hill	7	173	2.00	87	8.0	21.6	22:1	86.50
Oak Hill	8	180	2.00	90	8.0	22.5	23:1	90.00
Total Oak Hill		547	6.00	91	24.0	22.8	23:1	91.17
Total Middle School		2,480	28.50	87	114.0	21.8	22:1	87.02

Table 21: METCO Special Education Cost Analysis

	Number of METCO Students on IEPs	Number of METCO Students per School	Potential Learning Center Teacher Reduction	Other Special Education Teacher Reduction*	Aide Reduction	
Angier	3	13	0	0	0	
Bowen	2	11	0	0	0	
Burr	4	15	0	0	0	
Cabot	1	13	0	0	0	
Countryside	1	2	0	0	1	
Franklin	7	17	0.4	0	1	
Horace Mann	4	10	0	0	1	
Lincoln-Eliot	3	23	0	0	0	
Mason-Rice	3	10	0	0	0	
Memorial-Spaulding	3	24	0	0	1	
Peirce	0	14	0	0	0	
Underwood	1	15	0	0	1	
Ward	1	11	0	0	0	
Williams	3	11	0	0	1	
Zervas	4	18	0	0	0	
Bigelow	10	21	0	0	0	
Brown	9	29	0	0	1	
Day	8	24	0	0	1	
Oak Hill	11	20	0	0	1	
Newton North	33	62	0.5	0	0.5	
Newton South	37	60	0.2	0	0	
TOTAL	148	423	1.1	0	9.5	
Potential Savings**			\$62,160		\$266,000	\$328,160

*Includes Special Program Teachers, OT, PT, Speech and Language Pathologists

** Computed at \$56,509 per teacher (salary of \$50,000 and benefits of \$6509 for a less senior teacher) And \$28,000 per aide.

D. Transportation Report

I. Executive Summary

Only 15% of Newton public school students use the bus system. Of these, 65% pay a fee to do so. Yet, transportation of students within the Newton school district to both public and private schools currently costs \$1.67 million per year. The cost is in part due to two factors out of Newton's control – the mandate by Massachusetts to transport K-6 students (both public and in-town private school students) for free who live more than 2 miles from their school and high bus costs. But, a significant portion of the \$1.67 million is a result of three choices that have been made by the School Committee – bussing additional students for free, offering bus service to all students for a fee, and setting bus fees at a level substantially below full cost.

The School Committee has voluntarily chosen to offer to bus for free approximately 1270 K-5 elementary school students. Significant savings are possible if Newton only provided free transportation based on the State mandate – K-6 students who live more than 2 miles from school. Newton classifies parts of Newton as safety areas and voluntarily provides free transportation to ensure young students in these areas get to and from school safely. Approximately 970 of the 1270 K-5 students live in areas classified as safety areas. If the Newton Police provided more crossing guards, the number of students living in safety areas would decrease; as a result, costs would decrease since fewer buses would be needed or income from bus fees would increase.

In addition, Newton chooses to offer transportation for a fee of \$220 (a level substantially below full cost) to all 7 – 12 students and K-5 students who live within 1 mile of the school and 6th grade students who live within 2 miles of school.

Newton has also followed state regulations that mandate free transportation for in-town private school students. However, it appears that the mandate may no longer be enforceable. Newton's lawyers will want to pursue this question.

Communities have very different policies about who is eligible to ride for free, who is eligible to pay, and the level of fees. Compared to some communities, Newton's fees (\$220 per student with a \$440 family cap) are considerably lower (e.g., Lexington (\$550 per student with a \$1600 family cap) and Needham (\$370 per student with a \$750 family cap)). Brookline provides no bus service at all (even for a fee) for K – 8 students living within 1.5 miles of their schools and no service to 9 – 12 students (except those in South Brookline where there is no public transportation available). Wellesley follows the state mandate and only provides bus service to K – 6 students living farther than 2 miles from the school. In contrast, some communities – mostly those with far fewer students and smaller geographic areas to serve – provide bus service for free to all their students (e.g., Weston and Wayland).

There are two possible strategies for reducing the transportation cost of \$1.67 million. These alternatives can be used in combination:

- (1) Reducing the costs by reducing the number of buses by either/or
 - (a) Providing bus service to only those students mandated by law and/or
 - (b) Hiring more crossing guards to reduce the number of elementary school students who need bus service for safety reasons
- (2) Increasing fee revenues by either/or
 - (a) Increasing the fee level and/or
 - (b) Having more students pay the fee (K-5 students who live between 1 – 2 miles from school, presumably in non-safety areas)
 - (c) Asking private schools to contribute to the cost of transportation

If Newton followed state mandates and only provided bus service to K-6 students that live more than 2 miles from school, this would result in a 70% reduction in the cost of transportation, or approximately \$1.18 million in savings. Transportation costs would decrease from \$1.67 million to \$490,000. If Newton were able to eliminate transportation to in-town private school students, there would be a savings of \$392,000. If Newton charged fees to the elementary school students who live between 1 and 2 miles from the school in non-safety areas who currently use the bus system regularly,⁴⁰ fee revenues might increase by \$30,000 - \$50,000. If fee levels were increased (to either \$300 or \$400) using the current policy, additional revenues of \$80,000 to \$170,000 are likely. If both more users were charged and fees were increased, additional revenues would be \$155,000 to \$270,000. In addition, Newton should ask private schools to contribute to the cost of transportation, a form of payments in lieu of taxes (PILOTs).

All of the above mentioned issues must though be looked at in the context of the “community” side of delivering education. Newton’s “neighborhood school” system results in students in twenty-one different buildings. Yet, because of the neighborhood schools, most elementary school students live within two miles of their school. Newton is also a physically large community (18 square miles), with little transportation from the MBTA available. There are few alternatives to walking or biking to school for the younger students other than riding school buses or being driven by adults (carpools or parents). Many schools are located in dense urban settings so that if buses were eliminated and automobile counts increased, traffic might become worse and safety issues might increase for pedestrians and cyclists. Newton can expect that if bus service is decreased or fees increased, parents will be upset. When Newton recently instituted fees for K-6 students living between 1 to 2 miles from school, ridership went down and parents reacted negatively to the new policy. As the amount of money brought in by the fees was not significant in the eyes of policy makers, the School Committee changed the following year to the “no fee between 1 - 2 miles for K-5” policy.

The Citizen Advisory Group recommends that the Newton Public Schools explore all the options. Spending \$1.67 million to bus 15% of Newton’s public school students does not seem like a good use of funds in light of all the other educational priorities facing the Newton Public Schools. But, this is a choice based on values and priorities. It involves financial, safety, convenience and environmental issues. Shifting more of the burden for transportation and its costs to parents in light of other priorities for the school system seems appropriate to the Citizen Advisory Group.

⁴⁰ 299 elementary school students who live 1-2 miles from school in non-safety are allowed to ride for free under the current policy.

II. Current Status

Approximately 15% of Newton public school students use the bus system. These transportation services are currently costing the Newton Public Schools \$1.67 million per year. This represents 1% of the Newton Public Schools total FY09 budget of \$160 million.⁴¹

Massachusetts has laws governing student transportation. Under Massachusetts General Laws, students in grades K-6 who live more than 2 miles walking distance to their neighborhood school are entitled to free transportation. Similarly, according to Massachusetts General Laws, students in grades K-6 who attend private schools in Newton are entitled to free bus transportation if they live more than 2 miles walking distance to their private school. In addition, if a student's disability "requires transportation or specialized transportation arrangements in order to benefit from special education, ... [then] the student is entitled to receive transportation services to any program provided by the public school and in which the student participates."⁴² While Newton is mandated by state law to provide this free transportation, the Commonwealth no longer reimburses school districts for transportation costs.

The number of students in grades K-6 who live more than 2 miles walking distance to their neighborhood school and are entitled to free transportation totals 387 children:⁴³

27 public elementary school students
217 public middle school students
143 private elementary and middle school students⁴⁴
387

Some communities (e.g., Lexington) have been reviewing the mandate to provide transportation for in-town private school students who live more than two miles from school. It appears that when the Commonwealth stopped funding transportation reimbursements, their ability to enforce the regulation perhaps became unenforceable by the Department of Elementary and Secondary Education (the new moniker for the Department of Education). Newton's lawyers will need to review this possibility.

The Newton School Committee has also approved free transportation beyond that mandated by the state to 1270 K-5 students. Elementary school students (Grades K-5)

⁴¹ This report focuses exclusively on the transportation for students who are not receiving special education services. As of November 2008, the Newton Public Schools have 389 students receiving Special Education Transportation between private placements (113) and schools and services within the system (276) at a budgeted cost of \$2.67 million. Source: Newton Public Schools, Office of Student Services, 1/8/08.

⁴² Massachusetts Department of Elementary and Secondary Education's Education Laws and Regulations, specifically 603 CMR 28.05 (5) (b).

⁴³ 27 public elementary school students: see Table 1; 217 public middle school students: see Table 5 (middle school waivers for distance); 143 elementary and middle school private school students: see Table 5 (194 bus passes issued less 51 paid bus passes)

⁴⁴ Many K-6 students attending private schools qualify for free bus passes since most of them live more than two miles from the private schools they attend.

who live between 1 and 2 miles from school are provided with free transportation. In addition, elementary students (Grades K-5) who live less than 1.0 mile from school but are in a safety area are provided with free transportation. A safety area is one in which students would need to cross high traffic roads without crossing guards. Currently, there are approximately 600 elementary students who live between 1 and 2 miles from their school; of these, approximately 300 live in safety areas. In addition, 670 K-5 elementary school students live less than 1 mile from school in safety areas. In other words, there are a total of 1270 students who Newton deems eligible to be transported for free even though this is not required by state mandate. But, 970 of the 1270 K-5 students who live less than 2 miles from school live in safety areas. (Conversely, 299 elementary school students who live 1-2 miles from school in non-safety are allowed to ride for free under the current policy.) It is worth noting that the School Committee increased the size/number of safety areas in FY07. While safety is sacrosanct, nonetheless classification of locations as safety areas should be reviewed periodically. If the Newton Police (which hires and pays for crossing guards) provided more crossing guards, the number of students living in safety areas would decrease and more students could safely walk or bike to school. (The cost-benefit analysis of providing the bus transportation vs. crossing guards also needs to be reviewed periodically.)

The School Committee has noted that by providing free transportation beyond that mandated by the Commonwealth, they increase safety, provide parents with a convenient form of transportation, reduce the number of cars on the road (with a positive environmental impact) and, by their calculations, only decrease revenues by approximately \$100,000 - \$130,000.

Table 1: Elementary Students Eligible for Free Transportation

Distance from School	Students Eligible for Free Transportation per School Committee Policy 2007-08			Students <u>Not</u> Eligible for Free Transportation per School Committee Policy 2007-08	Total Elementary Students 2007-08*
	Students in Safety Zones	Students Not in Safety Zones	Total Eligible		
<u>Elementary Students 2007-08</u>					
Under 1 Mile	670	0	670	3,770	4,440
1-2 Miles	301	299	600	0	600
Over 2 Miles	1	26	27	0	27
Total Eligible	972	325	1,297	3,770	5,067
Average Daily Ridership			402		

NOTE: All student counts are estimated for 2007-08 based off City GIS data.

*Total Elementary Students includes only students who are residents of Newton.

Source: Newton Public Schools

Under Newton Public Schools/School Committee policy, all students in Grades 6-12 (except 6th graders who live more than 2 miles from their school who ride for free by mandate) may opt to pay a user fee for bus transportation. In addition, elementary students who live less than 1.0 mile from school in non-safety areas and live in the vicinity of an existing bus stop may opt to ride the bus for a fee.

To serve those students who are eligible to ride for free and those who opt to pay the user fee, the Newton Public Schools contracts to have 30 buses drive students to and from the twenty-one public schools and seven private schools in Newton.

Table 2: FY09 Transportation Costs

Public School Bus Transportation:	24 buses at \$363/day = \$1,568,150
Private and Public School Transportation:*	6 buses at \$363/day = \$392,040
Total Bus Transportation Cost:	\$1,960,190
Fee Revenue from Bus Passes:	\$303,830 ⁴⁵
Net School Transportation Cost:	\$1,673,240 ⁴⁶

Source: NPS 2009 Allocation Budget

* Note: This table can be misleading in that the 6 buses that serve the private school students are also used to transport public school students.

Bus contracts are put out for bid. The bid and the contract include the buses for daily transportation, METCO transportation and field/athletic trips. The current NPS contract with the bus company is for three years ending in June 2010 with an option for two additional years. The current rate is \$363 per day for each bus (regardless of the number of riders).⁴⁷ Routes are consolidated as much as possible to minimize the number of buses needed. By scheduling the twenty-one schools' start and end times strategically,

⁴⁵ \$48,180 in waivers for students from low-income families was provided in FY09.

⁴⁶ Newton also pays \$13,200 for 55 MBTA passes at \$20/month for 12 months. Forty of these are distributed for free to SPED students (\$9,600). Newton also pays the bus company a fee of \$6,670 under a fuel escalation clause.

⁴⁷ The initial contract term is for a period of three (3) years commencing on July 1, 2007 through June 30, 2010. The City has the sole option to renew the contract for an additional two (2) year term from July 1, 2010 to June 30, 2012. Newton has taken advantage of the additional two years in past contracts by vote of the Board of Aldermen so that rates are locked in for the longer term. The contract states the number of buses for each fleet may increase up to twenty-five per cent (25%) or decrease by twenty-five percent (25%) during the initial three (3) years of the contract at the request of Newton Public Schools without adjustment in the Bus-Per-Day Rate. The rates per bus per day are as follows, with 29 buses in FY08 and 30 buses in FY09: FY08 \$359; FY09 \$363; FY10 \$367; FY11 \$371; FY12 \$375.

one bus can be used to transport students attending different schools, including both public and private schools. (For example, the four middle schools have different start and end times, while the two high schools have different start times and, most days, different end times.)

While there are different ways of counting the number of riders on the buses, all the methods show that only a small percentage of Newton's students (18% at most) use bus transportation.

Eligible Riders: One method is to calculate the number of eligible riders. There are 2047 eligible riders in the public schools and 233 eligible riders for the private schools. Eligible riders include those who by law are allowed to ride for free plus those who opt to pay a user fee. Using the definition of eligible, 18% of Newton public school students use the bus system. (The number of eligible riders is critical since the Newton Public Schools' policy is to have sufficient buses to transport all eligible students.)

Average Daily Ridership: A second method is to calculate average daily ridership. Periodically, the bus drivers count the actual number of students riding on the buses (both those who ride for free and those who pay). These numbers (see the table below) are lower than the number of eligible riders. Using average daily ridership, 15.3% of public school students use the bus system. With fifteen neighborhood elementary schools located throughout Newton, only 7.4% of elementary school students use the bus system. Ridership rises to 29.6% for middle school students and 17.3% for high school students.

Bus Passes: A third method is to calculate the number of bus passes. Bus passes are not a very accurate measure since they are not required for K-5 students who live more than 1 mile from their school but are issued to those elementary school students who live less than a mile from school and who purchase bus transportation. All middle and high school students and all private school students (even those who qualify for free transportation) have bus passes.

Of these methods, the most accurate for measuring the number of students who use the bus system is the average daily ridership. But, the number of eligible riders is important for assessing the total number of buses needed.

Table 3: School Bus Data Summary FY2008

	Eligible Number of <u>Riders*</u>	Average Daily <u>Ridership</u>	Bus Passes <u>Issued</u>	Paid Bus <u>Passes</u>	Total <u>Enrollment</u>	% of Students using Bus <u>Service**</u>
Newton Public Schools						
Elementary		402	125	57	5408	7.4%
Middle		725	901	617	2453	29.6%
High		<u>640</u>	<u>784</u>	<u>670</u>	<u>3695</u>	<u>17.3%</u>
Total NPS	2047	1767	1810	1344	11,556	15.3%
Private Schools						
Brimmer & May/Chestnut Hill		4	6			
Jackson/Mt. Alvernia/Country Day		14	18			
Rashi		17	44			
Solomon-Schechter		<u>41</u>	<u>126</u>			
Total Private Schools	233	76	194	51		
Total	2280	1843	2004	1395		

* Number of students eligible for free transportation plus number of students with bus passes

** Average Daily Ridership/Total Enrollment which represents regular users

Source: NPS Transportation Office 5/13/08

To calculate the average cost per student of providing bus transportation, we used average daily ridership. At a total cost of \$1,960,190 and 1843 average daily riders, the average cost per student of bus transportation is \$1,064.

Fees for transportation are set by the School Committee.⁴⁸ The School Committee raised the transportation fee for the 2008-2009 school year from \$200 to \$220 per child, with a cap of \$440 per family. Families could also be eligible for a “supercap,” set at \$1,000, which includes both transportation and athletic fees.

Waivers from the fees are available based on distance (e.g., private school students and 6th grade public school students who live more than 2 miles from their school but still receive bus passes), financial circumstances, safety zones, medical needs or programmatic reasons. In terms of financial considerations, students from low-income families in Newton may apply for waivers. While the criteria for obtaining free bus passes are the same as those for free/reduced lunch eligibility (i.e., eligibility based on household size and family income), the two processes are separate. Food lunch reduction/free applications require families to specify if they would let Food Services

⁴⁸ To repeat, bus fees are paid by K - 5 students that live less than 1 mile from their school (unless they live in a safety zone in which case they ride for free), 6th graders that live less than 2 miles from their middle school (unless they live in a safety zone), and all 7-12 students.

share the information with another school department and very few families do so. As a result, most families need to fill out a second application for waivers for bus passes. The dollar amount of the waivers provided for all reasons is currently approximately \$48,000.

Table 4: Bus Passes in 2007-08

	<u>Total Issued</u>	<u>Paid</u>	<u>Waivers</u>	<u>Waiver of Payment due to:</u>			<u>% Paid</u>
				<u>Distance</u>	<u>Family Cap</u>	<u>Other*</u>	
Public School:							
Elementary**	125	57	68	7	9	52	46%/14%**
Middle	901	617	284	217	7	60	68%
High	784	670	114	0	14	100	85%
Public Total	1,810	1,344	466	224	30	212	74%/65%**
Private School	194	51	143	141	1	1	26%
Total	2,004	1,395	609	365	31	213	70%

*Other waivers include financial (146), safety (47), medical (1), and programmatic (19) for a total of 213.

** Bus Passes are not issued to the approximately 550 K-5 students (275 of which regularly use the buses) that live more than 1 mile from school. Therefore, the % paid figure of 46% is misleading for elementary school students. 57 out of a total of 400 K-5 riders pay for bus passes, representing 14% of total ridership. The total figure also changes from 74% to 65% when “normalized” for the additional K-5 riders not represented in this table.

Source: NPS Transportation Department, September 2008

**Table 5: "Other" Transportation Waivers:
Financial, Safety, Medical and Programmatic Reasons (FY04 – FY09)**

Description	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Budget
# of Waivers	277	232	175	225	213	219
Total Amount Waived	\$49,730	\$41,760	\$31,500	\$43,390	\$41,660	\$48,180

Notes:

1. The bus fee for elementary students who live 1-2 miles from school was eliminated starting in FY06, resulting in fewer waivers.
2. The number of waivers was increased in FY07 due to the addition of more safety zones.

Source: Newton Public Schools 8/08

Communities have very different policies about who is eligible to ride for free, who is eligible to pay, and the level of fees. Compared to some communities, Newton’s fees (\$220 with a family cap of \$440) are considerably lower (e.g., Lexington (\$550 per student with a \$1600 family cap) and Needham (\$370 per student with a \$750 family cap)). Brookline provides no bus service at all for K – 8 students living within 1.5 miles of their schools and no service to 9 – 12 students (except those in South Brookline where there is no public transportation available). Wellesley follows the state mandate and only provides bus service to K – 6 students living farther than 2 miles from the school. In contrast, some communities – mostly those with far fewer students and smaller geographic areas to serve – provide bus service for free to all their students (e.g., Weston and Wayland).

Table 6: Comparison of Bus Transportation Fees (2008-2009)

Core Benchmarking Communities⁴⁹		
School System	Enrollment/# of Schools	Fee Policy
Arlington	6,663 / 9 Schools	\$300 per student. Deduct \$40 if paid by June 29th
Belmont	3,848 / 6 schools	\$350 before 7/1; \$375 7/1 - 8/31; \$400 9/1 or after
Brookline	6,000 / 9 schools	No transportation provided if within 1.5 miles of school unless in a safety zone
Framingham	8,308 / 13 schools	\$270 per student
Lexington	6,000 / 9 schools	\$550 per student; family cap of \$1600.00
Natick	4,566 / 8 schools	\$150 per student; \$300 family cap
Needham	4,685 / 7 schools	\$370 by 6/1; \$420 after 6/1; \$750 family cap
Newton	11,700 / 21 schools	\$220 per student / \$440 family cap
Wellesley	4,016 / 9 schools	No transportation provided if within 2 miles of school
Educational Excellence Benchmarking Communities⁵⁰		
School System	Enrollment/# of Schools	Fee Policy
Brookline	6,000 / 9 schools	No transportation provided if within 1.5 miles of school unless in a safety zone
Lexington	6,000 / 9 schools	\$550 per student; family cap of \$1600.00
Newton	11,700 / 21 schools	\$220 per student / \$440 family cap
Wayland	2,820 / 5 schools	No fees; Provides bus service for all students for free
Wellesley	4,765 / 9 schools	No transportation provided if within 2 miles of school
Weston	2,416 / 5 schools	No fees; Provides bus service for all students for free

Source: Newton Public Schools, Greater Boston Pupil Transportation Information, 7/28/08 and Citizen Advisory Group research

⁴⁹ Boston Public Schools students are eligible for free transportation by bus or by MBTA if they live more than 1 mile from their elementary school; 1.5 miles from their middle school (includes grades 6–8 attending K–8 schools); 2 miles from their high school.

⁵⁰ The Citizen Advisory Group Benchmarking Report looked at both demographically similar communities (“Core”) and a group of communities that have a comparably deep commitment to education (“Educational Excellence”).

Newton participates in the voluntary METCO (Metropolitan Council for Educational Opportunity) program in which African American, Latino, Asian and Native American children from Boston attend school in Newton. The cost of transportation for the 415 METCO students is not included in these figures since METCO transportation costs are reimbursed by the Commonwealth (approximately \$836,000 per year).⁵¹

III. Issues

Only 15% of Newton public school students use the bus system. Of these, 65% pay a user fee to do so. Yet, transportation of students within the Newton school district to both public and private schools currently costs \$1.67 million per year. The cost is in part due to two factors out of Newton's control – the mandate by Massachusetts to transport K-6 students (both public and in-town private school students) for free who live more than 2 miles from their school and high bus costs. But, a significant portion of the \$1.67 million is a result of three choices that have been made by the School Committee – bussing additional students for free, offering bus service to all students for a fee, and setting bus fees at a level substantially below full cost.

The School Committee has voluntarily chosen to offer to bus for free approximately 1270 K-5 elementary school students. Significant savings are possible if Newton only provided free transportation based on the State mandate – K-6 students who live more than 2 miles from school. Newton classifies parts of Newton as safety areas and voluntarily provides free transportation to ensure young students in these areas get to and from school safely. Approximately 970 of the 1270 K-5 students live in areas classified as safety areas. If the Newton Police provided more crossing guards, the number of students living in safety areas would decrease; as a result, costs would decrease since fewer buses would be needed or income from bus fees would increase.

In addition, Newton chooses to offer transportation for a fee of \$220 (a level substantially below full cost) to all 7 – 12 students and K-5 students who live within 1 mile of the school and 6th grade students who live within 2 miles of school.

Newton has also followed state regulations that mandate free transportation for in-town private school students. However, it appears that the mandate may no longer be enforceable. Newton's lawyers will want to pursue this question.

All of the above mentioned issues must though be looked at in the context of the “community” side of delivering education. Newton's “neighborhood school” system results in students in twenty-one different buildings. Yet, because of the neighborhood schools, most elementary school students live within two miles of their school. Newton is also a physically large community (18 square miles), with little transportation from the MBTA available. There are few alternatives to walking or biking to school for the

⁵¹ The METCO students do not receive bus passes nor do they have to apply for waivers from fees. This partially explains why the percentage of students that apply for bus pass waivers is lower than the percentage that applies for free or reduced meals.

younger students other than riding school buses or being driven by adults (carpools or parents). Many schools are located in dense urban settings so that if buses were eliminated and automobile counts increased, traffic might become worse and safety issues might increase for pedestrians and cyclists. Newton can expect that if bus service is decreased or fees increased, parents will be upset. When Newton recently instituted fees for K-6 students living between 1 to 2 miles from school, ridership went down and parents reacted negatively to the new policy. As the amount of money brought in by the fees was not significant in the eyes of policy makers, the School Committee changed the following year to the “no fee between 1 - 2 miles for K-5” policy.

IV. Recommendations

There are two possible strategies for reducing the transportation cost of \$1.67 million. These alternatives can be used in combination:

- (1) Reducing the costs by reducing the number of buses by either/or
 - (a) Providing bus service to only those students mandated by law and/or
 - (b) Hiring more crossing guards to reduce the number of elementary school students who need bus service for safety reasons
 - (c) Eliminating state mandated transportation to private school students

- (2) Increasing fee revenues by either/or
 - (a) Having more students pay the fee (K-5 students who live between 1 – 2 miles from school, presumably in non-safety areas) and/or
 - (b) Increasing the fee level and/or
 - (c) Asking private schools to contribute to the cost of transportation

(1) Reducing Costs by Reducing the Number of Buses:

(a) Provide bus service to only those students mandated by law

FOLLOW STATE MANDATES: There are currently 30 buses servicing the Newton student population. The Newton Public School Transportation Department estimates that if Newton followed state mandates and only provided bus service to K-6 students that live more than two miles from school then only 12, rather than 30, buses would be needed. (There are 387 public and private K-6 students who fall in this category.) This would also eliminate free transportation for K-5 students living in safety areas. At a cost of \$363 per day, this would result in a **70% reduction in the cost of transportation, or approximately \$1.18 million in savings** according to the Newton Public Schools analysis. **Transportation costs would be reduced from \$1.67 million to \$490,000.**

This choice is likely to be controversial. While only 7% of elementary school children use the bus system, 30% of middle and 17% of high school students use it. Parents are likely to be upset, automobile traffic would increase near the schools, and there would be negative environmental impacts. Reducing the

number of buses might require a change to the start and end times of individual schools, as schedules right now are based on the current bus system. Parents of elementary school students would now be completely responsible for getting their children to school safely rather than depending on the bus system if they live in high traffic areas with no crossing guards.

FOLLOW STATE MANDATES FOR ELEMENTARY AND HIGH SCHOOL STUDENTS: A variation of this option is to follow state mandates for elementary and high schools students and only offer the option of paying a user fee only to middle school students. Thirty percent of middle school students (the highest percentage) use the bus service. Middle school students no longer have fifteen elementary schools quite close to their homes but instead attend four middle schools that are more distant. They are too young to drive and clearly do not have friends at school who can drive. The Newton Public Schools Transportation Department would have to model this option to see what the savings might be. We made a rough estimate that this alternative would result in a **savings of \$700,000.**⁵²

FOLLOW STATE MANDATES FOR ELEMENTARY STUDENTS IN NON-SAFETY ZONES AND HIGH SCHOOL STUDENTS: Yet another variation of this option is to follow state mandates for elementary school students who live in non-safety zones and high school students and only offer the option of paying a user fee to middle school students. Elementary school students who live in safety zones would be allowed to use the bus system for free. The Newton Public Schools Transportation Department would have to model this option to see what the savings might be.

(b) Hire more crossing guards to reduce the number of elementary school students who need bus service for safety reasons

We recommend that, with the help of the Mayor, the Newton Public Schools and the Newton Police Department review again the safety areas. Are there instances where the cost of crossing guards would be less than the cost of providing free bus service? In the past, this discussion has been difficult because of the different source of the funds. Crossing guards are paid by the Newton Police Department which therefore has an incentive to increase the number of safety areas and decrease the number of crossing guards. The Newton Public Schools is in the opposite situation. Someone like the Mayor, who has the overall perspective of what is the lowest total cost for the City while providing a safe way for children to get to school, can do the financial analysis and help determine what is the best policy. In addition, the concept of safety areas should be reviewed. Should parents, regardless of the traffic conditions in the two mile area surrounding their elementary school, be responsible for getting their children to and from school

⁵² Non-middle school students account for approximately 60% of the average daily riders so 60% of the \$1.18 million in savings or \$700,000 would be realized.

safely or should Newton assume responsibility for this by providing either crossing guards or free bus transportation?

(c) Eliminate state mandated transportation to private school students

Newton has also followed state regulations that mandate free transportation for in-town private school students. However, it appears that the mandate may no longer be enforceable. Newton's lawyers will want to pursue this question.

(2) Increasing Fee Revenues:

While potentially a little less controversial, increasing fee revenues has significantly less financial impact.

(a) Have more elementary school students pay the fee:

Newton could most easily charge fees to the elementary school students who live between 1 and 2 miles from the school in non-safety areas who currently use the bus system regularly (400 students, based on daily average ridership). This is likely to increase fee income but probably would also reduce ridership. The School Committee would also have to consider whether K-5 students in safety areas should receive waivers.

If the current fee of \$220 was applied to all elementary school students regardless of whether they lived in safety areas and if ridership stayed constant, then approximately \$88,000 could be generated in additional revenues. If ridership dropped, fee revenues might increase by only approximately **\$30,000 to \$60,000.**⁵³

Charging fees to more elementary school students is likely to be controversial. Parents would object. Concomitantly, it might increase the amount of traffic in the city and especially around schools, as more parents would drive their children to school.

We also recommend that, with the help of the Mayor, the Newton Public Schools and the Police Department review the safety areas. Are there instances where the cost of a crossing guard would be less than the cost of providing free bus service? In the past, this discussion has been difficult because of the different source of the funds. Crossing guards are paid by the Police Department which therefore has an incentive to increase the number of safety areas and decrease the number of crossing guards. The Newton Public Schools is in the opposite situation. Someone like the Mayor, who has the overall perspective of what is the lowest total cost for the City while providing a safe way for children to get to school, can help determine what is the best policy.

⁵³ Newton Public Schools does not currently track the number of regular riders who live in safety zones so it is difficult to make an accurate forecast of potential fee revenues.

(b) Increase the level of fees:

An additional option, which could be implemented in conjunction with imposing fees for some or all non-mandated transportation, would be to increase the level of fees and/or the family cap.

There are a number of ways of thinking about the appropriate level for user fees for bus transportation. (See a full discussion in the Appendix.) Newton certainly has a strong community interest in helping students get to and from school in a safe and efficient manner. Yet, the vast majority of students (85%) have their own means of getting to school. Furthermore, the vast majority of those that use the bus system have *not* applied for financial waivers so they might be able to afford more. Nonetheless, lacking a well-developed MBTA system in the city, the Newton Public Schools clearly would prefer to help students get to and from school by offering a fee for use of the bus system. But, the current fee levels do not reflect either the actual full cost of providing the service (approximately \$1,064 per student) nor do they compare to the prices charged by many other communities. Since the bus service benefits only a small number of residents, higher fees are justified. Moreover, the Newton Public Schools has a system in place to help low-income residents with waivers. Generally, it is more efficient and equitable to subsidize directly and explicitly low-income households than to fix an artificially low charge for all.

If we use the current number of paid bus passes, an increase in the fee to \$300 would result in additional revenues of \$110,000. If the fee was increased to \$400, there would be additional revenues of \$250,000. If ridership decreased to increased prices, additional revenues might be **\$80,000 - \$170,000**.

If both more students had to pay fees and prices increased but usage dropped, additional revenues might be in the range of **\$155,000 to \$270,000**.

Table 7 summarizes how costs might be reduced and revenues increased. To save substantial amounts of money requires reducing costs by providing bus service to fewer students and thus operating fewer buses. The savings are substantial ranging from \$700,000 to \$1.18 million. By charging fees to more students and raising the level of fees, income might increase by \$150,000 to \$270,000.

Table 7: Transportation Scenarios: Reducing Costs and/or Increasing Fees

Reducing Costs				
	<u>Current Cost</u>	<u>Future Cost</u>	<u>Savings</u>	
Follow State mandates	\$1,670,000	\$490,000	\$1,180,000	
Follow State mandates for Elementary and High School Students (with current fee levels)	\$1,670,000	\$970,000	\$700,000	
Do not follow State mandates for Private School Students	\$392,000	\$0	\$392,000	
Increasing Fees				
	<u># of Paid Passes</u>	<u>Fee</u>	<u>Revenues</u>	<u>Increase in Revenues</u>
Current Fee	1385	\$220	\$304,700	
Charge Fees to more K-6 Students	1735	\$220	\$381,700	\$77,000
Charge Fees to More Students but lower usage	1535	\$220	\$337,700	\$33,000
Increased fee (\$300)	1385	\$300	\$415,500	\$110,800
Increased fee (\$400)	1385	\$400	\$554,000	\$249,300
Increased fee (\$300) but lower usage	1285	\$300	\$385,500	\$80,800
Increased fee (\$400) but lower usage	1185	\$400	\$474,000	\$169,300
Increased fee and charge fees to more students (\$300)	1735	\$300	\$520,500	\$290,800
Increased fee and charge fees to more students (\$400)	1735	\$400	\$694,000	\$389,300
Increased fee and charge fees to more students (\$300) but lower usage	1535	\$300	\$460,500	\$155,800
Increased fee and charge fees to more students (\$400) but lower usage	1435	\$400	\$574,000	\$269,300

*Includes increased fee and students K-5 living more than 1 mile from school (based on estimated # of students by NPS)

(c) Ask Private Schools to Contribute to Busing Costs:

The Citizen Advisory Group Revenue Committee has as one of its recommendations that Newton should aggressively negotiate PILOTs (payments in lieu of taxes) or SILOTs (services in lieu of taxes) with local institutions like colleges and hospitals. This is true of private schools as well. While their non-profit status exempts them from paying real estate taxes, proponents of PILOTs suggest that they should voluntarily contribute to their host community proportionate with their visibility, perceived economic stature, and their use of municipal services. To date, however, only Boston College has agreed to a PILOT arrangement, voluntarily donating \$100,000 annually since the mid 1980s

as well as allowing municipal employees to take classes free of charge. As the seven private schools within Newton directly benefit from the bus transportation provided to Newton students, they, too, should be asked to contribute to the cost of the services.

The Citizen Advisory Group recommends that the Newton Public Schools explore all the options (reduction of buses to adhere strictly to what is mandated by the State and increase in fees as well as application of fees to elementary school students that live between 1 and 2 miles from school). Using \$1.67 million to bus 15% of Newton's public school students does not seem like a good use of funds in light of all the other educational priorities. But, this is a choice based on values and priorities. Shifting more of the burden for transportation and its costs to parents in light of other priorities for the school system seems appropriate to the Citizen Advisory Group.

(An appendix that provides a framework for thinking about when taxes should be used vs. user fees is included.)

Appendix

I. User Fees vs. Taxes:

The decision about using user fees versus taxes to pay for an activity is typically analyzed from four perspectives: cost, beneficiary, usage, and rationing:

Cost: What is the full cost of providing these government services, including direct effort, indirect supporting activities, and organizational overhead?

Beneficiary: Who benefits from these services? In other words, to what degree does the community as a whole benefit, and to what degree does it benefit the individual using the service? Is this a core service essential to Newton as a whole or does it benefit a limited number of users?

Usage: Can a core service can be linked directly to individual users and charged by volume? For example, communities like Newton charge homeowners for sewage and water services based on volume of use. In recent years, some cities and towns have also begun charging for solid waste collection (i.e., trash) based on volume.

Rationing: Is it a service for which a price signal affects a desired outcome? Services that are free, even if they are core (such as water, sewer and trash) may still justify a fee if there is sufficient variability in use among the citizens and cost can be related closely to the “volume” of use. Thus those who generate more trash create more cost and there is far more sense in apportioning the cost over the specific use than apportioning the cost based on the assessed value of the home. Charging in this case has the corollary benefit of reducing volume of use, as those charged will act in their self-interest to reduce their costs. (This is relevant to bussing if it encourages walking or biking.)

The answers to these questions will result in user fees that are not only cost-based but policy-based too. Once the full costs are known, then citizens and elected officials need to enter into a dialog about the public and private benefits of different government services and the appropriate funding sources for those mixed benefits (e.g., fees from the private citizen or general tax revenues from the community at large.) This leads to the fundamental question:

Does the general public benefit in part for a service provided and thus, should general resources, such as taxes, pay for part of the full cost of service, or does the private citizen solely benefit from the service provided, and thus, should bear more, if not all, of the costs incurred?

The answer to the question above helps determine the level of the user fee and tax subsidization. There are a number of options:

Full cost reimbursement: To determine the full cost, Newton should include the direct and indirect costs associated with providing the service. In calculating direct costs, Newton should include costs for staff salaries and benefits, supplies and materials, capital facilities and equipment, depreciation in equipment value, and any other costs attributable to the production and delivery of a service. Equipment and facility costs may include

cash purchases, debt service costs, or maintenance costs. Indirect costs may include a portion of management and administrative costs for personnel to administer or provide services. Newton can decide which programs should have fees set to recover the full cost.

Partial cost reimbursement: Newton can decide that some activities and services, such as bus transportation for public school students should be, in part, supported by Newton's tax dollars, but that users of these activities or services should also pay a charge. Newton can then set the fee at a level lower than the full cost.

No cost reimbursement: Newton can also decide that some activities and services should be provided with no user fees.

Waivers or Scholarships: Generally, it is more efficient and equitable to subsidize directly and explicitly low-income households than to fix an artificially low charge for all. Scholarships can be funded by tax dollars, by private-public partnerships, by higher user fees or some combination of the three.

Competing with the Private Sector: User fees may be particularly appropriate when a local government like Newton provides services that also are provided by the private sector, particularly if they are not core government services. Using general fund taxes to subsidize such services poses two problems. First, the benefit principle is violated if taxpayers citywide fund a service they do not receive. Second, subsidies allow the government provider to undercut the prices of private sector providers, leading to unfair competition. But, user fees may not be appropriate to finance core government services, particularly social services and education programs where services and benefits are provided based upon social objectives.

Fee increases: Because the costs of providing a service may vary from year to year, user fee levels should be reviewed annually and, if needed, revised to reflect changes in costs.

Tax Implications: A final consideration is the very real drawback of shifting from property tax funding of services to user charges is the lack of federal deductibility. User charges are not deductible, while local property taxes are deductible.

E. Food Services Report

I. Executive Summary

Food Services in the Newton Public Schools are a \$4.2 million dollar operation. While enrollment has grown slightly by 2.5% since FY2003, lunch sales have declined by 12.7%. Only 38% of students buy lunch at school. (The Director of Food Service for Newton suggested that the number of students district-wide eating meals should be at 50% - 55%..) Even as sales have declined, total expenses have grown by 6.2%. After income and reimbursements, providing 688,695 meals (of which 636,635 were lunch) to students resulted in a loss of \$1.2 million in 2008 (i.e., the Newton Public Schools had to provide a subsidy). This loss did not come as a surprise and had been projected in the Newton Public Schools' operating budget.

The Commonwealth of Massachusetts requires all public schools to offer lunch to its students. In addition, Newton participates in the federal National School Lunch Program which provides cash subsidies and low cost food commodities to schools. As part of this program, Newton provides low income students with low-cost or free lunches. While overall sales are down, the number of free and reduced lunches has increased by 34% and 14% respectively since FY2003.

The facilities at the fifteen elementary schools have a substantial impact on the quality and costs associated with food service. The fifteen elementary schools do not have full kitchens (only re-heating ones) and only six elementary schools have designated eating areas (i.e., cafeterias). Teachers, by contract, are not responsible for students during the lunch period in elementary schools. Therefore, Newton hires lunch attendants to monitor the children at a cost of \$408,613 in FY2008. Nonetheless, the 15 elementary schools have among the smallest losses on average compared to the middle and high schools and among the lowest cost per meal. But, because there are so many elementary schools, the cumulative effect of the deficit in elementary school food services (\$496,162) is considerable. Certainly, though, food services in the elementary schools are not the sole driver of the food services deficit.

The Newton Public School lunch prices are higher than comparable schools and higher than the meals students choose to buy at many of the for-profit eateries that high school students frequent.

Food accounts for over 30% of the Food Services budget and food costs increased by 11.7% last year. Labor and benefits account for another 62% of the budget.

Food Services at the Newton Public Schools seem to be under the shadow of a “perfect storm,” leading to a lot of red ink:

- The Food Service Department is losing \$1.2 million on expenses of \$4.2 million.
- Losses have been rising on a rather consistent basis.
- Prices are the highest of any benchmark schools.
- Sales of paid lunches have been falling consistently.
- Sales of free and reduced price lunches (which receive only a partial subsidy) have been increasing.
- The percentage of students buying lunch is low, particularly in the middle school, according to people experienced in this area.
- Serving only nutritious food as required by the National School Lunch Program and by Newton’s Wellness policy may result in menus that are less appealing to students, leading to decreased sales.
- Based on anecdotal evidence, students (who may have high expectations about food) complain about the low quality, unappealing taste and unsatisfactory menu choices.
- Food costs are rising.
- Labor costs are rising.
- The nature of the elementary school facilities make changes in food choices more difficult and require unusual and thus higher labor costs.
- The economic turmoil has reduced disposable income.

While other school districts are facing the same cost pressures, nonetheless it is unusual for a school system to be consistently in the red in its food service program. We know, for example, that Lexington and Wellesley (and recently Brookline) break even.

The objective for the Food Service Department should be to provide nutritious meals at a break-even financial level by increasing revenue through greater participation and lowering costs.

The Citizen Advisory Group applauds the efforts of the Newton Public Schools for the incremental changes they have already implemented and are considering right now. But, the Citizen Advisory Group believes that a more significant change is needed. We recommend that the Newton Public Schools put out to bid the management and delivery of the food services program. Both private businesses as well as the Food Service Department should be allowed to “bid” for the contract. (To be more specific, rather than bidding, the Newton Public Schools would compare an in-house management proposal to bids which would be issued according to state procurement laws.)

We are convinced that competition will lead to more appealing food choices, higher sales, and lower costs. The Town of Lexington has successfully done just this. If the Newton Public Schools are unwilling to introduce competition and get bids, they must find a way to decrease labor hours and increase labor flexibility. Brookline can serve as a role model.

II. Current Status

Overview:

Food Services in the Newton Public Schools are a \$4.2 million dollar operation. It is heavily labor intensive with 62% of its costs deriving from salaries and benefits. While enrollment has grown slightly by 2.5% since FY2003, lunch sales have declined by 12.7%. Even as sales have declined, total expenses have grown by 6.2%. After income and reimbursements, providing 688,695 meals (of which 636,635 were lunch) to students resulted in a loss of \$1.2 million in 2008 (i.e., the Newton Public Schools had to provide a subsidy). This loss did not come as a surprise and had been projected in the Newton Public Schools' operating budget. As of January 2009, the loss for FY2009 is projected to remain steady at \$1.17 million. Losses have grown over time. The smallest subsidy of \$233,553 in the last six years possibly came in FY2004 during the period when the Newton Public Schools had hired an outside vendor, Chartwells, as the manager. (Note, the data for FY04 may not be accurate; in the termination of the Chartwells contract, final costs were adjusted by agreement and those adjustments may not be reflected in this table.) The current subsidy of \$1.2 million represents 0.8% of the total Newton Public

Table 1: Newton Public Schools Food Service History (FY03 – FY08)

	FY03*	FY04*	FY05	FY06	FY07	FY08	% Change FY03- FY08
Enrollment	11,276	11,267	11,268	11,415	11,501	11,556	2.5%
Lunches Served**	729,244	693,542	681,915	673,597	664,625	636,372	-12.7%
Total Expenses***	\$4,003,740	\$3,533,150	\$3,859,617	\$3,880,668	\$3,802,557	\$4,250,473	6.2%
Labor and Benefits	\$2,421,383	\$2,306,339	\$2,465,081	\$2,396,338	\$2,409,130	\$2,645,050	9.2%
Labor and Benefits as a % of Total Expenses	60%	65%	64%	62%	63%	62%	
Total Income excluding Reimbursements	\$2,682,769	\$2,889,895	\$2,700,624	\$2,660,071	\$2,635,863	\$2,569,469	4.2%
Reimbursements****	\$678,460	\$409,702	\$415,648	\$450,548	\$476,673	\$489,216	-27.9%
Newton Public Schools Subsidy (to break even)	\$642,511	\$233,553	\$743,345	\$770,049	\$690,021	\$1,191,788	85.5%

*In FY03 and FY04, the Food Service program was managed by Chartwells. Commencing in FY05, the Food Service program was managed in-house.

**Includes free, reduced and paid lunches for students. Does not include breakfast, a la carte sales or adult meals sales.

*** Labor, Benefits and Expenses

****Reimbursements: The data from FY03 and FY04 on reimbursements when Newton used a management service may not be correct.

Source: Newton Public Schools

Schools budget of \$160 million. (Generally, the Citizen Advisory Group has found that food service operations in public schools break even. Some Newton administrators are not convinced of this, though, believing that some school districts do not include employee benefits in their cost analysis and thus under-represent their full costs.)

History of the Newton Public Schools Food Service Department:

The Newton Public Schools had in-house management and delivery of food services for many years until the retirement in FY97 of a long-term Food Service Director. Neither the costs of the food service employee benefits nor the costs of the Elementary Lunch Attendants were part of the Food Service Revolving Account in those early years. Instead, those costs were part of the school system operating budget.

In 1997, the Newton Public Schools put out to bid the *management* of the Food Service Department to food service management companies, and Chartwells was hired and worked under a contract from FY98 through FY04. (The existing Newton employees were retained; only the management was outsourced.) The goal was a break-even operation, including management costs, but this became difficult when including employee benefits and the Lunch Attendants in the full costs of the program. (The food service employees (almost all of whom are union employees) and the lunch attendants (who are not part of a union) continued to be Newton employees. In order for a contractor to fully manage the costs of the program, the labor component might need to be under contractor employment.) With benefit costs rising approximately 11% per year, it was difficult for the contractor to meet the goal of “break-even.” Labor costs were reviewed with a Labor Cap set in the annual budget for Food Services.

Concerned about the continuing subsidy, the School Committee decided to bring management back in-house starting in FY2005.

Regulations:

Food services in schools are highly regulated, both at the state and federal level. The Commonwealth of Massachusetts requires all public schools to offer lunch to its students as part of the Child Nutrition Programs (CNP). In addition, Newton chooses to participate in the federal National School Lunch Program (NSLP). The NSLP provides cash subsidies and low cost food commodities to schools with the goal of providing balanced meals to all students and supporting low income students with low-cost or free lunches. In return for participating in the NSLP, Newton must meet Federal nutritional requirements, follow safety and sanitation guidelines, and offer free or reduced price lunches to eligible children.⁵⁴ (A lot of paperwork is required to prove compliance.)

⁵⁴ The Massachusetts Department of Education website explains the eligibility requirements for reduced-price or free meals: *Children from families with incomes at or below 130 percent of the poverty level (currently \$21,710 for a family of four) are eligible for free meals. Those between 130 percent and 185 percent of the poverty level (currently \$30,895 for a family of four) are eligible for reduced-price meals, for which students can be charged no more than 40 cents. Children from families with incomes over 185 percent of poverty pay a full price, though their meals are still subsidized to some extent. Local school food authorities set their own prices for full-price meals.*

Breakfast:

In addition to serving lunch in all 21 school buildings, Newton serves breakfast in twelve locations: six of the fifteen elementary schools, all four middle schools, and both high schools. While by law lunch has to be offered in all schools, breakfast is mandated only for those schools where 60% or more of the student population qualifies for free/reduced meals. In Newton, only the Lincoln-Eliot Elementary School meets that requirement. Offering breakfast in the other schools is a choice on the part of the Newton Public Schools. At the elementary school level, principals sometimes prefer to have breakfast offered due to the number of children that need to get to school early, in particular METCO students. Breakfasts consist only of cold food. At the secondary school level, the choice of offering breakfast is motivated by the fact that the staff is already working during that time (no extra labor cost) and that the Newton Public Schools want to make sure that low-income students, in particular, have access to a nutritional breakfast.

Sales:

While breakfasts and lunches are offered to everyone, in the 2007-2008 school year, meals were purchased by only 40% of elementary school students, 42% of middle school students, and 25% of high school students. (Newton, like many communities, has an open campus policy at the high schools which allows sophomores in their second semester, juniors and seniors to leave campus for lunch.) In total, 38% of students are taking advantage of the food service. (NOTE: The range of participation in the elementary schools goes from a low of 33% to a high of 43% with the exception of the Lincoln Eliot; as mentioned earlier, Lincoln-Elliott is the only school in Newton with 60% or more of its students eligible for free or reduced meals; at the Lincoln Elliot, 57% of the students have lunch.) The Director of Food Service for Newton suggested that the percentage of students eating meals should be at 50% - 55%. The Director went on to note that the goals for participation vary by grade level — elementary could be as high as 60%, middle schools about 45%, and high schools at 30-35%. The chart below shows the decline in participation from the first half of the 2007-2008 school year to the second half. Other people in the educational world note that many communities struggle with high school and elementary lunch counts but make up for it on middle school meals. From their point of view, many parents pack lunches for elementary school children while high school students leave campus for lunch. Typically, middle schools have a café and the kids are a hungry and captive audience.

Table 2: Average Participation Rates (2007-2008)

	Sept. - Dec. 2007	Jan. - May 2008	Difference 1st half vs. 2nd half
High Schools	30%	24%	-6%
Middle Schools	48%	41%	-7%
Elementary Schools	44%	39%	-5%
District	41%	36%	-5%

Source: Newton Public Schools

While enrollment in the elementary schools has increased by 9% since FY2003, paid lunches have decreased by 17%. Middle school enrollment has declined by 9% since FY2003 but paid lunches have declined even more, by 16%. High school enrollment has increased by 2% since FY2003 but paid lunches have decreased by 25%.

While overall sales are down, the number of free and reduced lunches has increased by 34% and 14% respectively since FY2003. While approximately 9% of all Newton students are eligible for free and reduced meals, about 19% of all meals served are free and reduced.

Table 3: Trends in Lunch Sales by Grade Level (FY03 – FY08)

	FY03	FY04	FY05	FY06	FY07	FY08	% Change FY03-FY08
ELEMENTARY SCHOOLS:							
Free Lunches	35,068	32,813	34,029	35,512	43,103	44,873	28%
Reduced Lunches	11,295	12,293	12,998	13,888	13,304	11,688	3%
Paid Lunches	285,550	252,214	254,490	245,802	249,782	237,438	-17%
Total Elementary	331,913	297,320	301,517	295,202	306,189	293,999	-11%
Elementary Enrollment	4,970	4,938	4,975	5,133	5,318	5,408	9%
MIDDLE SCHOOLS:							
Free Lunches	21,485	23,006	22,228	21,424	22,413	24,028	12%
Reduced Lunches	10,135	11,622	10,239	9,931	12,153	9,683	-4%
Paid Lunches	175,907	176,651	170,357	169,237	163,062	147,017	-16%
Total Middle School	207,527	211,279	202,824	200,592	197,628	180,728	-13%
Middle School Enrollment	2,688	2,673	2,620	2,534	2,474	2,453	-9%
HIGH SCHOOLS:							
Free Lunches	12,172	19,285	20,069	24,190	22,516	23,441	93%
Reduced Lunches	5,648	5,527	6,826	9,355	8,865	9,632	71%
Paid Lunches	171,984	160,131	150,679	144,258	129,427	128,572	-25%
Total High School	189,804	184,943	177,574	177,803	160,808	161,645	-15%
High School Enrollment	3,618	3,656	3,673	3,748	3,709	3,695	2%
TOTALS:							
Free Lunches	68,725	75,104	76,326	81,126	88,032	92,342	34%
Reduced Lunches	27,078	29,442	30,063	33,174	34,322	31,003	14%
Paid Lunches	633,441	588,996	575,526	559,297	542,271	513,027	-19%
Total Lunches Served	729,244	693,542	681,915	673,597	664,625	636,372	-13%
Total School Enrollment	11,276	11,267	11,268	11,415	11,501	11,556	2%
Paid Lunches as a % Total	87%	85%	84%	83%	82%	81%	

Source: Newton Public Schools

Sales are also affected by lines and the number of lunch periods. Newton North, for example, has three lunch periods with quite different average numbers of lunches sold. The first period, intended for 9th graders, has 382 lunches sold on average. The second period, mostly 10th graders, has 457 lunches sold on average. (The second period lunch is peculiar in that students attend class for thirty minutes, have lunch, and then return to that same class for another thirty minutes.) The third lunch, intended for 11th and 12th graders, has 991 lunches sold on average and lines tend to be long. Newton North prefers to allow students to eat with their grade and to encourage the different grades to respect the closed and open campus rules. Adding an additional lunch period is unappealing since it would require splitting another class in two like the second period lunch. Shortening the lines by having longer lunch periods also is not an option since this would result in less time in

classes, a violation of Massachusetts Department of Elementary and Secondary Education regulations.

Facilities:

The facilities at the fifteen elementary schools have a substantial impact on the quality and costs associated with food service. The fifteen elementary schools do not have full kitchens (only re-heating ones) and only six elementary schools have designated eating areas (i.e., cafeterias). According to a brochure prepared by Food Service, *“The Elementary food service program is unique in comparison to most School Districts in the State. The majority of the Newton schools were built between 1900-1950, on the premise that students went home for lunch. As a result the schools do not have full service kitchens or cafeterias. In order for us to provide nutritious meals to the students in the Elementary Schools, we have to satellite meals from our central kitchen at Newton North to each of the fifteen schools. Our managers then set up and cook (NOTE: actually heat) the individual compartmentalized meals. These are then assembled onto trays for delivery to the classroom or cafeteria.”* In the elementary schools, there are three different types of lunches offered: hot, bag (a bagel, fruit, etc.), and salads/sandwiches.

The Newton Public Schools are planning to pilot a program at Angier Elementary School where hot food is prepared on-site as opposed to heating pre-assembled trays. The pilot is on hold as the Newton Public Schools are negotiating with the union that covers workers in the food service department. The union is concerned that the pilot would require workers to change their duties and/or to increase them.

Teachers, by contract, are not responsible for students during the lunch period in elementary schools. Therefore, Newton hires lunch attendants to monitor the children. Lunch attendants are not part of the union and have a shorter working year than other food service employees (140 days as opposed to 184, due to early release days). While, in theory, they are not paid benefits since they are part-time workers, we have been told many lunch attendants also do additional work in the schools and receive benefits as a result. The full costs of lunch attendants are more than \$410,000 per year. Since meals are eaten in nine of the elementary schools in the classroom at staggered intervals, the number of required lunch attendants is a function of the lunch periods and number of classes eating during those lunch periods. For example, Bowen has 19 classrooms and only 2 lunch periods so it needs to have 10 lunch attendants. If Bowen had 3 lunch periods, only 7 lunch attendants would be needed. Looking at the totals, there are 248 classrooms and 47 lunch periods in the elementary schools; for FY09, there will be 85 lunch attendants. This is down eight from FY08. Compared to other school systems, the need for lunch attendants is unusual and adds to the labor costs in the Food Service Department. In FY07, the elementary lunch attendants cost \$355,759. This cost had risen to \$408,613 by FY08, a 14.9% increase.

The four middle schools and the two high schools have cafeterias where students get in line, get their food and then pass through a sale point. Students may pay in cash or use pre-charged cards that are swiped by cashiers. When the Wellness Program was instituted

around 2006 and sugary snacks and sodas were eliminated, sales of a la carte items fell by 40%.

Fees and Reimbursements:

The fees (i.e., prices) for the meals are set by the School Committee. Fees are higher for high school students. The reimbursements from the federal government do not cover the full cost of the meals.

Over the past ten years, the School Committee has approved two price increases for school lunch with the last increase put in place in FY07.

The Newton Public Schools fees and reimbursements are as follows:

Table 4: Fees and Reimbursements

	Elementary	Middle	High
Breakfast			
Fees	\$1.25	\$1.50	\$1.50
Co-pay by student for Reduced Fee	.30	.30	.30
Reimbursement for fully paid nutritional meal	.25	.25	.25
Reimbursement for reduced fee meal	\$1.10	\$1.10	\$1.10
Reimbursement for free meal	\$1.40	\$1.40	\$1.40
Lunch			
Fees	\$3.00	\$3.25	\$3.50
Co-pay by student for Reduced Fee	.40	.40	.40
Reimbursement for fully paid nutritional meal	.29	.29	.29
Reimbursement for reduced fee meal	\$2.22	\$2.22	\$2.22
Reimbursement for free meal	\$2.62	\$2.62	\$2.62

Source: Newton Public Schools

In order to get reimbursed for meals provided to students, the federal government requires that the student has to put on their tray a nutritional mix of foods. (For example, at lunch, a student needs to put on his or her tray three out of five components (protein, fruit, vegetable, bread and milk). In secondary schools, “the lunch boxes software program” (points of sale) automatically provide data (and generate the forms that need to

be filed) for reduced or free meals. Elementary schools provide handwritten reports that are then inputted in a computer program that prepares forms to be filed with the National School Lunch Program.)

The high school lunch fee of \$3.50 is high in two respects. First, it is higher than the price charged by other schools. It may also be more expensive than a couple of pieces of pizza at a local eatery. (But, the meal cost of \$3.50 for pizza at the high schools includes a beverage and fruit and vegetable, so this would need to be factored into a price comparison with a local eatery. Students might in fact have to pay more if they bought the exact same lunch in town.)

Table 5: Comparison of High School Lunch Fees

FY09 LUNCH FEES	Communities	Lunch Fees for High School
Demographically Similar Communities	Newton	\$3.50
	Brookline	\$3.25
	Lexington	\$3.25
	Needham	\$3.00
	Wellesley	\$2.50
	AVERAGE	\$3.10
Communities with a Similar Commitment to Education	Newton	\$3.50
	Concord-Carlisle	\$2.50
	Lexington	\$3.25
	Wayland	\$2.75
	Wellesley	\$2.50
	Weston	\$3.00
AVERAGE	\$2.92	
Sources	Education Depts. of Cities and Towns	

Food Costs:

All purchasing goes through the Director of Food Service. Food Service has the option to purchase government commodities from the Department of Agriculture (e.g., cheese, chicken). Prices sometimes are significantly lower and the quality is acceptable but the availability and the product range varies from month to month. The Newton Public Schools are feeling the effects of food price increases. The cost of food totaled \$1,219,960 in FY2007, accounting for 31.8% of the total Food Services budget. Food costs increased to \$1,362,832 in FY2008, an 11.7% increase.

Labor:

Labor (\$1,932,600) and benefits (\$673,771) totaled \$2,606,371 in FY08. This accounted for 62.0% of the total Food Service budget. Almost all food service workers are unionized (77 are in the union) and receive benefits. (There are 90 non-union food service employees, the vast majority of which are lunch attendants).

A part of the labor cost is employee attendance and absenteeism. Students attend school for 180 days per year. Last year, the approximately 80 food service employees were absent 900 days (approximately 11 days per person). (They are allowed up to 21 days for sick days, family days, and personal days by contract.) The 92 lunch attendants used 700 days (approximately 7.6 days per person). (They are allowed 7 days for sickness and personal). Since the union does not allow the Newton Public Schools to hire part-time substitutes, when employees are absent, Food Services has to respond quickly by changing menus, shifting employees from one school to another, and closing lines at the cafeterias in the secondary schools.

Profit and Loss by School:

The Newton Public Schools have two accounting methods. The total loss comes to \$1.16 million using one method and \$1.23 million using the other. All twenty-one schools lose money on food services. The Brown Middle School and the fifteen elementary schools on average lose the least, approximately \$33,000 per school. The two high schools lose the most, approximately \$100,000 per school. (See the table on the next page, Food Service Profit and Loss by School FY2008.)

Table 6: Food Service Profit and Loss by School (FY2008)

	High		Middle				Elementary		Admini- stration (3)	TOTAL	Finance Plus (1)	Difference of Total - Finance Plus	
	North	South	Day	Brown	Bigelow	Oak Hill	Total for 15 ES Schools	Average per ES School				Amount	%
FY08													
Sales	\$566,110	\$439,097	\$348,533	\$255,303	\$187,496	\$237,332	\$1,005,076	\$67,005	\$0	\$3,038,947	\$3,059,229	(\$20,282)	-1%
Expenses													
Labor													
Salaries (2)	\$252,036	\$205,753	\$163,784	\$118,464	\$101,053	\$150,217	\$389,039	\$25,936	\$143,641	\$1,523,987	\$1,362,832	\$0	0%
Salaries: Lunch Attendants										\$408,613	\$269,857	(\$36,666)	-16%
Benefits	\$129,512	\$117,418	\$94,405	\$67,958	\$64,698	\$64,205	\$107,633	\$7,176	\$27,942	\$673,771	\$269,857	(\$36,666)	-16%
Total Salaries and Benefits	\$381,548	\$323,171	\$258,189	\$186,422	\$165,751	\$214,422	\$905,285	\$60,352	\$171,583	\$2,606,371	\$2,659,901	(\$53,530)	-2%
Food	\$247,811	\$181,276	\$120,272	\$85,462	\$82,395	\$96,104	\$549,512	\$36,634	\$0	\$0	\$1,362,832	\$0	0%
Direct Costs	\$44,112	\$34,926	\$31,906	\$16,108	\$28,234	\$17,938	\$46,441	\$3,096	\$13,526	\$233,191	\$269,857	(\$36,666)	-16%
Total Expenses	\$673,471	\$539,373	\$410,367	\$287,992	\$276,380	\$328,464	\$1,501,238	\$100,083	\$185,109	\$4,202,394	\$4,292,590	(\$90,196)	-2%
Loss	(\$107,361)	(\$100,276)	(\$61,834)	(\$32,689)	(\$88,884)	(\$91,132)	(\$496,162)	(\$33,077)	(\$185,109)	(\$1,163,447)	(\$1,233,361)	\$69,914	6%

Source: Newton Public Schools, December 2008. Note: Finance Plus is a fund accounting software application program.

(1) The calculation costs by school was a new endeavor in FY08. There will be improvement in the process in FY09 in regards to tying to Finance Plus.

The cost accounting by school differs from Finance Plus by a bottom line P & L of \$69,914, or 6%. NPS is exploring other ways to build the database by school using the Lunchbox software.

(2) Salaries: labor costs (not including benefits) for all employees except Elementary School Lunch Attendants

(3) Administration: Director, Assistant Director, secretarial support and office supplies

Costs per Meal:

Because costs vary from school to school, the total cost per meal varies as well. Perhaps because of economies of scale, the two high schools have the lowest cost per meal at \$4.01 and \$4.26. The elementary schools (despite the cost of the lunch attendants) have a low cost per meal at \$4.72. Oak Hill Middle School has the highest at \$6.54.

Table 7: Cost per Meal by School (FY2008)

	<u>North</u>	<u>South</u>	<u>Day</u>	<u>Brown</u>	<u>Bigelow</u>	<u>Oak Hill</u>	<u>Elementary</u>	<u>TOTAL</u>
Total Meals (1)	167,617	126,774	83,264	59,238	53,664	50,138	318,047	858,742
Food cost as a % of sales	44%	41%	35%	33%	44%	40%	55%	45%
Salaries cost per meal (3)	\$1.50	\$1.62	\$1.97	\$2.00	\$1.88	\$2.99	\$2.51	\$2.25
Benefits cost per meal	\$0.77	\$0.93	\$1.13	\$1.15	\$1.21	\$1.28	\$0.34	\$0.78
Food cost per meal	\$1.48	\$1.43	\$1.44	\$1.44	\$1.54	\$1.91	\$1.73	\$1.59
Direct costs per meal (4)	<u>\$0.26</u>	<u>\$0.28</u>	<u>\$0.38</u>	<u>\$0.27</u>	<u>\$0.53</u>	<u>\$0.36</u>	<u>\$0.15</u>	<u>\$0.27</u>
Total Cost per meal	\$4.01	\$4.26	\$4.93	\$4.86	\$5.15	\$6.54	\$4.72	\$4.89

Source: Newton Public Schools, December 2008

- 1) The total number of meals uses both the number of meals and a meals conversion of A la carte, Adult, Vending and Catering sales divided by the free reimbursement rate per meal, thus converting dollars into meals. The cost per meal statistics are derived by dividing the total cost by the total number of meals with conversion.
- 2) The calculation of the cost per meal by school was a new endeavor in FY08. There will be improvement in the process in FY09 in regards to tying to Finance Plus. The cost accounting by school differs from Finance Plus by a bottom line P & L of \$69,914 or 6%.

NPS is also exploring other ways to build the database by using the Lunchbox school software.

(3) Includes lunch attendants

(4) Direct Costs include supplies, materials, and services

Catering and Vending Machines:

Food Service also offers catering. All food is prepared at the two high schools. Catering revenues are approximately \$28,000, with a profit of about \$14,000. The vast majority of customers are School Department employees having meetings. Food Service is also responsible for the vending machines located in the schools. This brings in about \$50,000 in revenues with minimal labor; the cost of food in the vending machines is approximately 35%-40%. The vending machines in non-school buildings are managed by the City's Purchasing Department.

Issues

Food Services at the Newton Public Schools seem to be under the shadow of a “perfect storm,” leading to a lot of red ink:

- The Food Service Department is losing \$1.2 million on expenses of \$4.2 million.
- Losses have been rising on a rather consistent basis.
- Prices are the highest of any benchmark schools.
- Sales of paid lunches have been falling consistently.
- Sales of free and reduced price lunches (which receive only a partial subsidy) have been increasing.
- The percentage of students buying lunch is low, particularly in the middle school, according to people experienced in this area.
- Serving only nutritious food as required by the National School Lunch Program and by Newton’s Wellness policy may result in menus that are less appealing to students, leading to decreased sales.
- Based on anecdotal evidence, students (who may have high expectations about food) complain about the low quality, unappealing taste and unsatisfactory menu choices.
- Food costs are rising.
- Labor costs are rising.
- The nature of the elementary school facilities make changes in food choices more difficult and require unusual and thus higher labor costs.
- The economic turmoil has reduced disposable income.

While other school districts are facing the same cost pressures, nonetheless it is unusual for a school system to be consistently in the red in its food service program. We know, for example, that Lexington and Wellesley (and recently Brookline) break even.

Recommendations

The objective for the Food Service Department should be to provide nutritious meals at a break-even financial level by increasing revenue through greater participation and lowering costs.

The Citizen Advisory Group applauds the efforts of the Newton Public Schools for the incremental changes they have already implemented and are considering right now. In fact, Food Services are well aware of the challenges that they are facing. The Director of Food Services has outlined a number of steps to increase revenues and lower costs:

- Implement a point of sale system in the elementary schools
- Use the gyms as cafeterias in the elementary schools
- Re-engineer the number of lunch periods and the number of classrooms per lunch period to decrease the number of lunch attendants needed
- Continue improving the food court concept in the middle and high schools
- Improve marketing/communication
- Improve purchasing (e.g., join food-buying groups)
- Improve the layout of cafeterias to improve flow
- Continue serving breakfast; it costs perhaps only \$20,000 over revenues and serves important educational and social goals.

The Citizen Advisory Group believes that a more significant change is needed. We recommend that the Newton Public Schools put out to bid the management and delivery of the food services program. Both private businesses as well as the Food Service Department should be allowed to “bid” for the contract. (To be more specific, rather than bidding, the Newton Public Schools would compare an in-house management proposal to bids which would be issued according to state procurement laws.) Clearly a lot of effort will need to be put into the bid specifications. But, we are convinced that competition will lead to more appealing food choices, higher sales, and lower costs. The Town of Lexington has successfully done just this.

If the Newton Public Schools are unwilling to introduce competition and get bids, they must find a way to decrease labor hours and increase labor flexibility. Brookline can serve as a role model. We quote from the Brookline Public Schools FY09 Budget for Food Services which says, *“The FY09 budget is adjusted for cost and participation increases and premised on break even performance. The budget includes a projected 7% reduction in labor hours at the schools to reflect current participation rates. Labor hours would be restored as participation rates increase. This holds total labor cost flat for the year.”*

Improvement in facilities must also be taken into consideration. As the Newton Public Schools does its long-term strategic planning and designs new schools or renovates existing ones, it must consider the need to prepare and deliver meals to the students in an efficient and mandate-appropriate way.

F. Teacher Survey

We believe that in order to develop a clear vision of teacher compensation and work environment, it is essential that we ask the teachers “what matters to them” in a clear, confidential format. We have included a sample teacher survey here that we designed. We recommend that the school department conduct an extensive survey on teachers’ views of the current state of the school system that addresses what is important to teachers in their jobs and what factors teachers believe contribute to providing an excellent education. We think surveying the teachers is essential to developing a work environment that will be attractive to talented educators.

Sample Survey for Newton Public School Teachers

Planning time

- Do you have adequate time to prepare for class?

YES NO

- How important is class prep time to your overall job satisfaction?

	Neither			
Very important	Important	important nor unimportant	Unimportant	Very unimportant

- How important do you believe class prep time is to promoting excellence in teaching and learning?

	Neither			
Very important	Important	important nor unimportant	Unimportant	Very unimportant

Professional development

- Have NPS professional development offerings made you a better teacher?

YES NO

- Is sufficient time available for you to meet your professional development needs?

YES NO

- How important is professional development to your overall job satisfaction?

	Neither			
Very important	Important	important nor unimportant	Unimportant	Very unimportant

- How important is professional development in promoting excellence in teaching and learning?

	Neither			
Very important	Important	important nor unimportant	Unimportant	Very unimportant

- Has the level of professional development you receive changed over the time you have taught in the NPS?

Yes, it has decreased	Yes, it has increased	No, it hasn't changed
--------------------------	--------------------------	--------------------------

- The number of early release days is:

Sufficient Insufficient Too many

- Please share anything else you would like regarding professional development and its impact on your effectiveness and job satisfaction

Collaboration

- Do you have sufficient time and opportunities to collaborate with colleagues and supervisors?

YES NO

- Do you believe that collaborating with your colleagues improves your teaching?

YES NO

- How important is the ability to collaborate with colleagues and supervisors to your overall job satisfaction?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- How important is the ability to collaborate with colleagues and supervisors in promoting excellence in teaching and learning?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- Would peer coaching and evaluation help you improve as a teacher?

YES NO

Supervision and Evaluation

- Do you have sufficient access to and support from your supervisor in order to do your job effectively?

YES NO

- Do you set annual teaching goals with your supervisor?

YES NO

- How important is having sufficient supervision to your overall job satisfaction?

Very important	Important	Neither important nor unimportant	Unimportant	Very unimportant
----------------	-----------	---	-------------	---------------------
- How important is having sufficient supervision in promoting excellence in teaching and learning?

Very important	Important	Neither important nor unimportant	Unimportant	Very unimportant
----------------	-----------	---	-------------	---------------------
- Has the level of supervision you have received changed over the time you have taught in the NPS?

Yes, it has decreased	Yes, it has increased	No, it hasn't changed
--------------------------	--------------------------	--------------------------
- Are you evaluated every year?

YES	NO
-----	----
- Do your annual evaluations help you grow and improve professionally?

YES	NO
-----	----

Technology

- Do you have sufficient access to technology (including computers, printers, projectors, internet and software)?

YES	NO
-----	----
- Do you believe that the use of technology improves student learning and teaching?

YES	NO
-----	----

Class size (If you teach more than one class, please answer the following questions with your largest class in mind.)

- Does your current class size(s) allow you to accomplish your curriculum goals?

YES	NO
-----	----
- Does your current class size(s) compromise your ability to deliver differentiated instruction to all students?

YES	NO
-----	----

- Does your current class size(s) interfere with your students' ability to learn?

YES NO

- How important is reasonable class size to your overall job satisfaction?

Very important Important Neither
important nor Unimportant Very
unimportant

- How important is class size to promoting excellence in teaching and learning?

Very important Important Neither
important nor Unimportant Very
unimportant

- For the grade or subject that you teach, at what class size do you believe it becomes difficult to deliver materials and ensure maximum student performance?

>15 >20 >25 >30 >35

- What is your current class size? (If you teach more than one class, please indicate largest class you teach.)

15-19 20-23 24-27 28-31 >=32

Special education

- Do all children in a classroom benefit from Newton's approach to inclusion for special education?

YES NO

- Do inclusion facilitators, special educators, and aides provide the support you need to deliver a quality education to all of your students?

YES NO

- How does the inclusion model Newton uses for special education impact your ability to deliver curriculum to regular education students in your classroom?

It enhances my It decreases my It has no impact
ability ability

- How does the inclusion model Newton uses for special education impact your ability to deliver curriculum to special education students in your classroom?

It enhances my It decreases my It has no impact
ability ability

- How important is the inclusion model Newton uses for special education to your overall job satisfaction?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- How important is the inclusion model Newton uses for special education in promoting excellence in teaching and learning?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- Has the support from specialists, aides and inclusion facilitators for special education requirements changed over the past 5 years?

Yes, it has decreased Yes, it has increased No, it hasn't changed

- Please share anything else you would like regarding special education in the NPS

Voice and opportunity

- Do you have enough “say” in how your school is run?

YES NO

- How important is your ability to have a “voice” in the way your school is run to your overall job satisfaction?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- How important is your ability to have a “voice” in the way your school is run in promoting excellence in teaching and learning?

Very important Important Neither important nor unimportant Unimportant Very unimportant

- Would you be interested if there were opportunities for flexible teaching schedules?

YES NO

- Do you believe there are opportunities for career growth within NPS?

YES NO

- Would you be interested if NPS offered career ladder opportunities (e.g. Master Teacher)?

YES NO

- How important are career opportunities in the NPS to your overall job satisfaction?

		Neither		
Very important	Important	important nor unimportant	Unimportant	Very unimportant

- How important is having career opportunities in the NPS in promoting excellence in teaching and learning?

		Neither		
Very important	Important	important nor unimportant	Unimportant	Very unimportant

Priorities

48. Please rank from 1 to 5 what you believe are the top five factors that promote excellence in teaching and learning:

___ Planning time during the work day

___ Time to collaborate with colleagues

___ Resources including instructional materials and technology

___ Appropriate supervision

___ Professional development opportunities

___ Reasonable class size

___ Classroom support from specialists (e.g. special education, literacy)

___ Other _____

49. Please rank from 1 to 5 the top five factors contributing to overall job satisfaction.

- _____ Salary
- _____ Health insurance and other benefits
- _____ Length of the school day
- _____ Length of the school year
- _____ Teaching load
- _____ Professional development opportunities
- _____ Career advancement opportunities
- _____ Opportunities for collaboration with colleagues
- _____ Reasonable class size
- _____ Ability to send your children to NPS
- _____ Other _____

50. If you could change three things about your job, what would you change?

--

Career plans

51. Please select the phrase below that comes closest to describing your career plans?

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Continue teaching in the NPS as long as I can |
| <input type="checkbox"/> | Continue teaching in the NPS until a preferable teaching opportunity arises |
| <input type="checkbox"/> | Continue public school teaching but not in Newton |
| <input type="checkbox"/> | Continue teaching but not in public schools |
| <input type="checkbox"/> | Move from teaching to another role in education |
| <input type="checkbox"/> | Leave education entirely |

52. [for those who check any of the latter five responses above] Please rank from 1 to 3 your top reasons to leave teaching in the NPS?

- | | |
|--------------------------|--|
| <input type="checkbox"/> | Salary |
| <input type="checkbox"/> | Health and other benefits |
| <input type="checkbox"/> | Job requirements |
| <input type="checkbox"/> | Training and other supports |
| <input type="checkbox"/> | Work conditions (such as physical plant) |
| <input type="checkbox"/> | Personal |
| <input type="checkbox"/> | Other (please state) |

53. Please rank the top five reasons why you chose to teach in the NPS?

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Salary |
| <input type="checkbox"/> | Health and other benefits |
| <input type="checkbox"/> | Overall reputation of the system |
| <input type="checkbox"/> | Quality of the curriculum and instruction |
| <input type="checkbox"/> | Opportunity to collaborate |
| <input type="checkbox"/> | Other (please state) |

54. "Why did you choose to teach in the NPS?"

Background

55. How many years have you worked in the NPS?

<input type="checkbox"/>	First year
<input type="checkbox"/>	2-3
<input type="checkbox"/>	4-6
<input type="checkbox"/>	7-10
<input type="checkbox"/>	11-20
<input type="checkbox"/>	20+

56. At what level do you currently teach?

<input type="checkbox"/>	Pre-school
<input type="checkbox"/>	Elementary (K-2)
<input type="checkbox"/>	Elementary (3-5)
<input type="checkbox"/>	Middle School
<input type="checkbox"/>	High School

57. [for middle, HS teachers] What subject(s) do you teach [not sure how we'll analyze this? Should we keep?]

58. What is your current Step?

59. What is your degree status?

<input type="checkbox"/>	Bachelor's
<input type="checkbox"/>	Master's
<input type="checkbox"/>	Master's + 30
<input type="checkbox"/>	Master's + 45
<input type="checkbox"/>	Doctorate

60. Please use the space below to share any other thoughts regarding teaching in the NPS

G. School Benchmarking

I. Introduction

As one of its first steps, the Citizen Advisory Group undertook a benchmarking report which was released in draft form in October 2008. Benchmarking compares one community to others. The Citizen Advisory Group wanted to collect this data to help us decide what questions we should ask about Newton. We are including the sections from the Executive Summary that relate to the Newton Public Schools here. Please find the full report at: <http://www.ci.newton.ma.us/CitizenAdvisoryGroup/reports/2008/2008-10-08-benchmarking-report.html>.

For the Citizen Advisory Group, benchmarking serves only to raise questions. One set of questions focuses on efficiencies. For example, if Newton is under- or over-spending compared to the benchmark communities, we will need to understand if we are being efficient/inefficient. Even when Newton is spending similar amounts to comparable communities, a red flag might be raised -- perhaps all of the communities are operating inefficiently. As a result, we would urge people to use the tables and charts in a “stand alone” manner with great caution. In many cases, the data need an explanation to be fully understood. Another set of questions raised by the benchmarking concerns community values and related spending priorities. Variances from averages by themselves are neither good nor bad but rather may reflect choices. For example, if Newton spends less/more, perhaps the question will be are we are we giving that area too few resources/investing at a high rate to meet important priorities.

This benchmarking exercise also requires skepticism because of the inherent problems of comparability. While our primary sources are Massachusetts databases that try to ensure the data is similar, inevitably there are anomalies. Therefore, the benchmarking data must be used to indicate possible avenues of investigation rather than as definitive indicators of under- or over-spending.

Another reason to use the benchmarking cautiously and judiciously is the inherent problem of finding a community exactly like Newton with which to compare ourselves. With a population of approximately 82,000, a very high proportion of the tax base coming from residential tax payers, and a high median household income level accompanied by pockets of low income residents, Newton simply does not have a “clone,” inside or outside of Massachusetts. For example, when we compare Newton to the benchmarking communities that have a similar, deep commitment to education, our student body often has a larger percentage of students whose first language is not English and who come from families who are low income.

II. Comparison Communities

The Citizen Advisory Group chose four separate benchmarking groups: (1) a group of demographically similar communities in Massachusetts which we call the “Massachusetts Core Benchmarking Communities;” (2) this core group with two additions that help reflect Newton’s geographic size and complexity labeled the “Public Safety Benchmarking Communities;” (3) a group of communities in Massachusetts that have a

comparably deep commitment to education called the “Educational Excellence Benchmarking Communities” which are used along with the Core group for the School benchmarking; and (4) a group of demographically similar non-Massachusetts communities that happen to be in Connecticut, which we termed the “Non-Massachusetts Benchmarking Communities” to help inform our Municipal benchmarking analysis.

Key Questions from the School Benchmarking:

Overall Level of Investment and Investments in Class Size and Teachers: Newton’s schools represent a significant portion of the city’s overall budget (56%). Compared to demographically similar communities, Newton spends more per capita on its schools and more per pupil. But, compared to those with a similar commitment to education, Newton spends less per capita on education but slightly more per pupil. (Our lower percentage of students in our population leads to this anomaly.) Newton’s citizens must look hard at the philosophies and costs underlying the educational system and determine how best to maintain, or even improve, educational excellence within the constraints of the city’s resources. The benchmarking shows that cities and towns make quite different decisions on the percentage of their total budget that is allocated to schools and on per capita and per pupil expenditures. Several additional fundamental questions arise from the school benchmarking data. How does class size affect the quality of education in Newton? How does the level of teacher salaries and professional development affect Newton’s ability to attract, motivate, and retain excellent teachers and to provide a quality education to students? How does the level of funding impact educational outcomes?

III. Key Findings from the School Benchmarking:

1. School Demographics: Overall, Newton’s demographic statistics tend to be in the upper half of the demographically similar communities (i.e., better educated parents, fewer students whose first language is not English, and fewer students from low income families) but in the lower half of the communities with a similar commitment to education. These demographic differences should be kept in mind when looking at the benchmarking data, especially that for communities with a similar commitment to education.

2. Investment in Schools: Newton allocates 55.9% of its total city budget to the school system. This is higher than the average for demographically similar communities (51.1%) but essentially the same as communities with a similar commitment to education (55.5%). Newton also spends more per capita on its schools (\$2055) compared to the core benchmarking communities (\$1922) but less than the average of communities with a similar commitment to education (\$2355). The benchmarking data raises the question of what logic governs the allocation of resources between municipal and school departments.

3. School Expenditures: Newton is second highest in total expenditures per student (\$14,525) compared to demographically similar communities (\$12,900). Only Brookline is higher. But, Newton is only slightly above the average in total expenditures per student when compared to the communities with a similar

commitment to education (\$14,223). (When looking at communities with a similar commitment to education, Newton is above average on expenditures per pupil but below average on per capita spending due to Newton's smaller percentage of students in the population.) Compared to communities with a similar commitment to education, Newton expenditures per pupil are **low** in instructional leadership (3.4% less). Newton is **significantly below** the average in expenditures per pupil in administration (14% less) and instructional materials equipment and technology (27% less). Newton still ranks **significantly higher** in two areas: other teaching services (18% more) and professional development (49.5% more). The benchmarking data suggests that more analysis be done to understand better the level of total expenditures per student and nuances related to where these dollars are allocated.

4. Teacher Salaries: Teacher salaries account for 37% of total school expenditures, the same percentage as most of the benchmarking communities. While Newton's average teacher salary is well above the average for demographically similar communities (8.4% higher), it is almost exactly the same as the average for communities with a similar commitment to education. Looking at the minimum and maximum salaries at different educational levels for teachers compared to communities with a similar commitment to education, Newton is above the average in almost all categories. The benchmarking data suggests more analysis be done to assess the compensation policy for Newton's teachers.

5. Special Education: Newton has a somewhat higher percentage of pupils enrolled in special education (18.8%) compared both to the demographically similar communities and communities with a similar commitment to education. The Newton Public Schools allots 21.8% of the total school budget to special education, which is only slightly above the two benchmarking averages. Newton is placing among the lowest percentage of pupils outside the district compared to demographically similar communities and exactly the same as the average for demographically similar communities. The benchmarking data appears to indicate that Newton's out-of-district placements and its flipside, inclusion process, are generally quite similar to the communities with a similar commitment to education but this should be analyzed further. Likewise, the choices around special education and the different ways of implementing it need to be better understood to clarify what lies behind these numbers.

6. School Characteristics: Newton has a low total student-to-teacher ratio. Newton's class sizes appear to be a little bit smaller than average in the elementary and middle schools but a little bit higher in the high schools. Newton is above average for the percentage of students scoring proficient and advanced in 4th grade MCAS testing compared to both benchmarking groups. In 10th grade, Newton's students have essentially the same scores as the average for demographically similar communities but are below average when compared with communities with a similar commitment to education. While the lunch fee in Newton's high schools is higher than that of other communities, Newton still

needs to subsidize the food service program by approximately \$1 million. The benchmarking data suggests more inquiry into teacher load, student-teacher ratios, class sizes, outcomes such as MCAS results, and the food service program would be useful in understanding school policies and practices.

H. Fundraising

I. Introduction

As part of its Revenue Report which was released in draft form in November 2008, the Citizen Advisory Group recommended that individual, corporate and foundation giving to the Newton Public Schools be enhanced by working more closely with these constituencies. We are including the relevant sections from the Executive Summary here. Please find the full report at: <http://www.ci.newton.ma.us/CitizenAdvisoryGroup/2008/11-19-08CAGRevenueReport.pdf>.

II. Recommendations

Support to the Newton Public Schools from the Federal and State Governments via Grants: Grants, primarily from the Federal and State governments, to Newton Public Schools have grown dramatically from \$6.5 million in FY2002 to \$10.6 million in FY2009. (Individual, corporate and foundation grants account for the smallest amount of the total grant revenue (approximately 4%) or \$385,000 in FY2009.) The Citizen Advisory Group has concluded that the current level of staffing is “maxed out” writing and administering the current Federal and State grants. If Newton Public Schools determines that there are additional federal or state grants that would help the quality of Newton’s schools, the City will likely need to invest in more staff dedicated to grant writing, administration, and compliance.

Support to the Newton Public Schools from Individuals, Corporations and Nonprofits via Grants and Foundations: A relatively small amount of support for Newton Public Schools comes from individuals, foundations or corporations. Since schools are not classified as nonprofit organizations, contributions directly to the schools from individuals may not be tax deductible. Rather, individuals give to another entity (even the City), which in turn supports the Newton Public Schools. For example, the Newton Schools Foundation (NSF) is an independent, nonprofit 501c3 organization that provides approximately \$190,000 in grants, scholarships and training to Newton teachers. While it operates in close cooperation with the Superintendent, the Newton Schools Foundation proudly maintains its independence. In addition to donations to the Newton Schools Foundation, parents and others donate approximately \$900,000 annually to the schools through Parent Teacher Organizations (PTOs).

Citizen Advisory Group discussions with those involved with the Newton Schools Foundation suggest that the Foundation is going through a period of transition, reviewing its mission and working through some financial issues. For the near term, it does not seem likely that the Newton Schools Foundation will be in the position to raise significantly more revenue for the schools than it has in the past. It is certainly possible that the School Committee and/or the School Department would like to see a nonprofit emerge that has greater capacity to raise funds for the schools, and perhaps a mission of being more responsive to the expressed needs of the School Department or School Committee. One possible model to examine is Brookline 21st Century Fund. If either a re-missioned Newton Schools Foundation or an additional nonprofit emerged, the Newton School Department may wish to hire a professional development (fundraising) officer to expedite individual giving.

